

**Item 1: Cover Page**



**Appendix 1 of Part 2A  
Wrap Fee Program Brochure**

December 23, 2024

**Prevail Innovative Wealth Advisors, LLC**

SEC File No. 801-123758

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This wrap fee program brochure provides information about the qualifications and business practices of Prevail Innovative Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 913-295-9500 or email [compliance@prevailiws.com](mailto:compliance@prevailiws.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Prevail Innovative Wealth Advisors, LLC, also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary. There are no material changes to this Brochure from the last annual update issued on March 26, 2024.

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

### **A. Prevail Innovative Wealth Advisors, LLC**

Prevail Innovative Wealth Advisors, LLC ("Prevail IWA," the "firm," "we," or "us") is a Missouri limited liability company registered with the Securities and Exchange Commission ("SEC") as an investment adviser. Our principal owners are Kerry Lawing (CEO), Andrew Stafford (CCO and President) and Brad Lawing (Vice President). Prevail IWA became registered as an investment adviser in 2017.

#### **Advisory Services Offered**

Our Asset Management and Allocation Program Services are provided exclusively under a wrap fee program, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

We offer asset management services under which we provide you with continuous and ongoing supervision over your investment advisory account(s) you have with us (the "Accounts").

We manage your Account based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting, or holding securities, cash, or other investments of the Account. By focusing on each investor's specific risk tolerance, the investment management process yields a personal solution for an individual's needs. For our discretionary asset management services, we receive a limited power of attorney to effect securities transactions on behalf of clients that include securities and strategies described in Item 8 of this brochure.

We obtain information from you to determine your financial situation and investment objectives. Based upon your needs, we will create and manage a portfolio for your account. We are reasonably available to consult with you about your account. You have the ability to impose reasonable restrictions on the management of your Accounts, including the ability to instruct us not to purchase certain securities.

Our Investment Committee meets at least quarterly to evaluate and manage our risk-based portfolio strategies, ranging from very conservative to aggressive.

Clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio (must be in writing and sent to the firm), and should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. We will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. We will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

## Fees and Compensation

### Fee Schedule

The annual fee for Asset Management & Allocation Program Services will be charged as a percentage of assets under management according to the following tiered fee schedule, which represents the firm's maximum fees for individual services. (When using a tiered annual fee schedule, the annual fee is calculated by applying different rates to different portions of the assets under management.) All fees are negotiable.

<b><u>Amount of Assets Under Management</u></b>	<b><u>Annual Asset Based Fees</u></b>
First \$99,999	1.50%
Next \$149,999	1.40%
Next \$249,999	1.30%
Next \$249,999	1.20%
Next \$249,999	1.10%
Next \$1,999,999	1.00%
Next \$1,999,999	0.85%
Any Assets Thereafter	0.70%

Example: A client with \$2.5 million in assets under management would be charged the following monthly fee according to this schedule.  $(\$99,999 \times (0.015) + \$149,999 \times (0.014) + \$249,999 \times (0.013) + \$249,999 \times (0.012) + \$249,999 \times (0.011) + \$1,500,005 \times (0.01)) = \$27,599.99/365 \times 31$  (or # of days in the month) = \$2,344.11 monthly fee.

Asset-based fees are always subject to the investment advisory agreement between the client and Prevail IWA. Such fees are payable monthly in advance and are calculated based on the ending portfolio value from the preceding month as indicated on your custodian statement. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar month. There will be no adjustments for contributions or withdrawals to a client's portfolio.

Household accounts will be aggregated when calculating the management fees. Fees are assessed on all assets under management including securities, variable annuities, variable life contracts, cash, and money market balances. For accounts utilizing margin leverage, our fees are based upon the gross value of the portfolio, which incentivizes us to recommend the use of margin as it serves to increase assets under management and by extension our fees.

These fees include charges for all transaction costs such as commissions on purchase and sales of stocks, bonds, exchange-traded funds and options, and mutual fund transactions fees. Except as otherwise provided below, client will incur no charges other than the adviser's fee pursuant to the above fee schedule in connection with the maintenance of and activity in client's account. The wrap fee does not include private alternative investment fees and expenses, annual account fees or other administrative fees, such as wire fees, charged by manager or brokerage firm; fees for securities transactions executed away from the custodian; certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account;

and advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account. The wrap fee also does not cover certain costs associated with securities transactions in the over-the-counter market, such as fixed income securities where manager must approach a dealer or market maker to purchase or sell a security. Such costs include the dealer's mark-up, mark-down or spread and odd-lot differentials or transfer taxes imposed by law.

The trading cost component of the above-mentioned advisory fees are estimated to range from \$50 to \$250 per account per year.

## **B. Disclosure of Cost Difference if Services Purchased Separately**

Depending on a number of factors, such as the number, size and nature of the securities transactions in an advisory account, the overall fees and charges borne by the client over time could be more or less than what these fees and charges would be if the same services were provided on a separate basis. Bundled fees generally provide an economic incentive for the advisory firm to select investments and strategies that minimize trading costs. Frequent trading in an account where transaction fees are included as part of the overall advisory fee to the client drive trading costs higher and reduce the overall fee revenue to the advisor. As a result, higher trading costs in a bundled fee account have a negative impact on the advisory firm's profitability.

## **C. Additional Client Fees and Terms of Payment**

### **Client Payment of Fees**

Prevail IWA generally requires fees to be prepaid on a monthly basis. Prevail IWA requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Prevail IWA will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled at any time by the client, or by Prevail IWA with 30 days' prior written notice to the client. Upon termination, any unearned, prepaid fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

### **Additional Fees**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, and trade-away fees imposed by broker-dealers and custodians retained, if applicable. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Prevail IWA may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Items 9.B.2 and 9.B.3) for additional information regarding the firm's brokerage practices.

### **D. Compensation for Recommending the Prevail IWA Wrap Fee Program**

The Prevail IWA Wrap Fee Program is a proprietary product offered exclusively through Prevail IWA. As such, there is a conflict of interest in that we are economically disincentivized to trade your portfolio. The less we trade the more money we make, as our wrap fee includes trading costs.

### **E. External Compensation for the Sale of Securities to Clients**

Prevail IWA's advisory professionals may be compensated through a percentage of advisory fees charged to clients or salary and bonus structure. Prevail IWA's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 9.A. for detailed information and conflicts of interest.

### **F. Important Disclosure – Custodian Investment Programs**

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:***

Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

**G. Client Assets Under Management**

As of June 30, 2024, we had a total of \$501,247,970 in assets under management, of which \$486,853,825 was managed on a discretionary basis and \$14,394,143 was managed on a non-discretionary basis.



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

We generally provide investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit-sharing plans
- Trust, estates, or charitable organizations
- Corporations and other business entities

There is no minimum investment amount required for establishing an account with us.

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

### **A. Portfolio Manager Selection and Review**

The firm is the sole sponsor and sole portfolio manager for the Prevail IWA Wrap Fee Program.

### **B. Participation in Wrap Fee Programs**

The Prevail IWA Wrap Fee Program is the only wrap fee program the firm participates in.

### **C. The Firm Acts as Both a Wrap Fee Sponsor and Portfolio Manager**

The Prevail IWA Wrap Fee Program is a proprietary product offered exclusively through the firm.

#### **Prevail IWA Wrap Fee Program**

Prevail IWA offers its portfolio management services exclusively on a wrap fee basis as a wrap program sponsor. Under our wrap program, you will receive investment advisory services and the execution of securities brokerage transactions for a single specified fee. Participation in a wrap program may cost you more or less than purchasing such services separately. We adhere to our fiduciary duty when trading in your accounts. Trades are made only on the basis of the account's stated investment objectives, and without concern to the firm's trading costs and firm's expenses.

#### **Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives, and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

#### **Performance-Based Fees and Side-by-Side Management**

The firm does not charge performance-based fees.

#### **Methods of Analysis, Investment Strategies and Risk of Loss**

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

Prevail IWA uses a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Prevail IWA and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Fundamental analysis is a method of evaluating the intrinsic value of an asset and analyzing the factors that could influence its price in the future. This form of analysis is based on external events and influences, as well as financial statements and industry trends.
- Factor investing is an investment approach that involves targeting specific drivers of return across asset classes. There are two main types of factors: macroeconomic and style.
- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, Prevail IWA reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. Prevail IWA may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

#### **Mutual Funds and Exchange-Traded Funds, Individual Securities, and Pooled Investment Vehicles**

Prevail IWA may recommend "institutional share class" mutual funds and exchange-traded funds ("ETF"s), individual securities (including fixed income instruments), and pooled investment vehicles.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), and pooled investment vehicles is set forth below.

Prevail IWA has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities

- perform billing and certain other administrative tasks

Prevail IWA may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and pooled investment vehicles to clients as appropriate under the circumstances.

Prevail IWA reviews certain quantitative and qualitative criteria related to mutual funds and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund/manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund/manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds include the investment objectives and/or management style and philosophy of a mutual fund/manager; a mutual fund/manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds are reviewed by Prevail IWA on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund by Prevail IWA (both of which are negative factors in implementing an asset allocation structure).

Prevail IWA may negotiate reduced account minimum balances and reduced fees under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds utilized. Prevail IWA will endeavor to obtain equal treatment for its clients with funds, but cannot assure equal treatment.

Prevail IWA will regularly review the activities of mutual funds utilized for the client. Clients that invest in mutual funds should first review and understand the disclosure documents of those mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

### **Investment Strategy, Method of Analysis, Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

#### **Margin Leverage**

Although the firm, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, the firm will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

#### **Short-Term Trading**

Although the firm, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

#### **Short Selling**

The firm generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to

decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Prevail IWA as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

### ***Covered Call Writing***

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

### ***Long Call Option Purchases***

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### ***Long Put Option Purchases***

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### ***Option Spreading***

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

### **Concentration Risk**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

### **Material Risks of Investment Instruments**

Prevail IWA generally invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Collective investment trusts
- Exchange-traded funds
- Leveraged and inverse exchange-traded funds
- Exchange-traded notes
- Fixed income securities

- Municipal securities
- Private placements
- Pooled investment vehicles
- Fixed equity annuities
- Fixed equity indexed annuities
- Variable annuities
- Real Estate Investment Trusts (“REITs”)
- Private Equity

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company’s capitalization, quality of the company’s management, quality and cost of the company’s services, the company’s ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company’s ability to create shareholder value (i.e., increase the value of the company’s stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **Collective Investment Trusts (“CITs”)**

CITs are groups of pooled accounts held by a bank or trust company. CITs can only be included in retirement accounts qualified by the Employee Retirement Income Security Act of 1974 (ERISA). As opposed to certain other types of retirement investments, such as mutual funds, an individual investor cannot generally make a direct purchase of a CIT. Instead, their employer must offer a plan that incorporates this type of trust. This option is popular for defined contribution retirement plans, such as 401(k) plans. The trust companies and trustee banks that own and manage CITs use the combined power of investor funds placed into retirement plans to purchase a variety of securities, thereby creating a single investment option. The large-scale nature of these plans supports a diversification of assets, which is often attractive to individual investors. A CIT may include stocks, bonds, mutual funds, and a wide range of other securities. The financial institution groups assets from individuals and organizations to develop a single larger, diversified portfolio. CITs are generally available to the individual only via employer-sponsored retirement plans, pension plans, and insurance companies. Other names for them include common trust funds, common funds, collective



trusts, and commingled trusts. CITs are regulated by the Office of the Comptroller of the Currency ("OCC"). CITs are bank maintained and not registered with the Securities and Exchange Commission. The CIT is not a mutual fund registered under the Investment Company Act of 1940, as amended ("1940 Act"), or other applicable law, and unit holders are not entitled to the protections of the 1940 Act. The regulations applicable to a CIT are different from those applicable to a mutual fund. The CIT's units are not securities registered under the Securities Act of 1933, as amended, or applicable securities laws of any state or other jurisdiction.

The primary objective of a CIT is through the use of economies of scale to lower costs with a combination of profit-sharing funds and pensions. The pooled funds are grouped into a master trust account (legally speaking, CITs are set up as trusts) that is controlled by the bank or trust company, which acts as a trustee or executor. However, many financial institutions use investment companies or mutual fund companies as sub-advisers to manage the portfolios.

### **Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Leveraged and Inverse Exchange-Traded Funds ("ETFs")**

Leveraged ETFs employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. The use of leverage typically increases risk for an investor. However, unlike utilizing margin or shorting securities in your own account, you cannot lose more than your original investment. An inverse ETF is designed to track, on a daily basis, the inverse of its benchmark. Inverse ETFs utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives. Leverage and inverse ETFs reset each day; as such, their performance can quickly diverge from the

performance of the underlying index or benchmark. An investor could suffer significant losses even if the long-term performance of the index showed a gain. Engaging in short sales and using swaps, futures, contracts, and other derivatives can expose the ETF.

There is always a risk that not every leveraged or inverse ETF will meet its stated objective on any given trading day. An investor should understand the impact an investment in the ETF could have on the performance of their portfolio, taking into consideration goals and tolerance for risk. Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETF. Leveraged and Inverse ETFs are not suited for long-term investment strategies. These are not appropriate for buy-and-hold or conservative investors and are more suitable for investors who understand leverage and are willing to assume the risk of magnified potential losses. These funds tend to carry higher fees, due to active management, that can also affect performance.

### **Exchange-Traded Notes ("ETN")**

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **Private Placements**

Private placements carry significant risk in that companies using the private placement market conduct securities offerings that are exempt from registration under the federal securities laws, which means that investors do not have access to public information and such investors are not provided with the same amount of information that they would receive if the securities offering was a public offering. Moreover, many companies using private placements do so to raise equity capital in the start-up phase of their business, or require additional capital to complete another phase in their growth objective. In addition, the securities issued in connection with private placements are restricted securities, which means that they are not traded on a secondary market, such as a stock exchange, and they are thus illiquid and cannot be readily converted to cash.

### **Pooled Investment Vehicles**

A pooled investment vehicle, such as a commodity pool or investment company, is generally offered only to investors who meet specified suitability, net worth and annual income criteria. Pooled investment vehicles sell securities through private placements and thus are illiquid and subject to a variety of risks that are disclosed in each pooled investment vehicle's confidential private placement memorandum or disclosure document. Investors should read these documents carefully and consult with their professional advisors prior to committing investment dollars. Because many of the securities involved in pooled investment vehicles do not have transparent trading markets from which accurate and current pricing information can be derived, or in the case of private equity investments where portfolio security companies are privately held with no publicly traded market, the firm will be unable to monitor or verify the accuracy of such performance information.

### **Fixed Equity Annuities**

A fixed annuity is a contract between an insurance company and a customer, typically called the annuitant. The contract obligates the company to make a series of fixed annuity payments to the annuitant for the duration of the contract. The annuitant surrenders a lump sum of cash in exchange for monthly payments that are guaranteed by the insurance company. Please note the following risks: (i) Spending power risk. Social Security retirement benefits have cost-of-living adjustments. Most fixed annuities do not. Consequently, the spending power provided by the monthly payment may decline significantly over the life of the annuity contract because of inflation, (ii) Death and survivorship risk. In a conventional fixed annuity, once the annuitant has turned over a lump sum premium to the insurance company, it will not be returned. The annuitant could die after receiving only a few monthly payments, but the insurance company may not be obligated to give the annuitant's estate any of the money back. A related risk is based on the financial consequences for a surviving spouse. In a standard single-life annuity contract, a survivor receives nothing after the annuitant dies. That may put a severe dent in a spouse's retirement income. To counteract this risk, consider a joint life annuity. (iii) Company failure risk. Private annuity contracts are not guaranteed by the FDIC, SIPC, or any other federal agency. If the insurance company that issues an annuity contract fails, no one in the federal government is obligated to protect the annuitant from financial loss. Most states have

guaranty associations that provide a level of protection to citizens in that state if an insurance company also doing business in that state fails. A typical limit of state protection, if it applies at all, is \$100,000. To control this risk, contact the state insurance commissioner to confirm that your state has a guaranty association and to learn the guarantee limits applicable to a fixed annuity contract. Based on that information, consider dividing fixed annuity contracts among multiple insurance companies to obtain the maximum possible protection. Also check the financial stability and credit ratings of the annuity insurance companies being considered. A.M. Best and Standard & Poor's publish ratings information.

### **Fixed Equity Indexed Annuities**

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, you will be guaranteed to receive this return no matter how the market performs. Your index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if your annuity has a participation rate of 75 percent, then your index-linked returns would only amount to 75 percent of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12 percent, but an investor's annuity has a cap of 7 percent, his or her returns will be limited to 7 percent.

Some indexed annuity contracts allow the issuer to change these fees, participation rates and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10 years after the annuity was purchased — can result in fees known as surrender charges, and could also trigger tax penalties. In fact, under some contracts if withdrawals are taken amounts already credited will be forfeited. After paying surrender charges an investor could lose money by surrendering their indexed annuity too soon.

### **Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims.

Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

### **Real Estate Investment Trusts (“REITs”)**

A REIT is a tax designation for a corporate entity which pools capital of many investors to purchase and manage real estate. Many REITs invest in income-producing properties in the office, industrial, retail, and residential real estate sectors. REITs are granted special tax considerations, which can significantly reduce or eliminate corporate income taxes. In order to qualify as a REIT and for these special tax considerations, REITs are required by law to distribute 90% of their taxable income to investors. REITs can be traded on a public exchange like a stock, or be offered as a non-traded REIT. REITs, both public exchange-traded and non-traded, are subject to risks including volatile fluctuations in real estate prices, as well as fluctuations in the costs of operating or managing investment properties, which can be substantial. Many REITs obtain management and operational services from companies and service providers that are directly or indirectly related to the sponsor of the REIT, which presents a potential conflict of interest that can impact returns on investments.

Non-traded REITs include: (i) A REIT that is registered with the Securities and Exchange Commission (SEC) but is not listed on an exchange or over-the-counter market (non-exchange traded REIT); or, (i) a REIT that is sold pursuant to an exemption to registration (Private REIT). Non-traded REITs are generally blind pool investment vehicles. Blind pools are limited partnerships that do not explicitly state their future investments prior to beginning their capital-raising phase. During this period of capital-raising, non-traded REITs often pay distributions to their investors.

The risks of non-traded REITs are varied and significant. Because they are not exchange-traded investments, they often lack a developed secondary market, thus making them illiquid investments. As blind pool investment vehicles, non-traded REITs' initial share prices are not related to the underlying value of the properties. This is because non-traded REITs begin and continue to purchase new properties as new capital is raised. Thus, one risk for non-traded REITs is the possibility that the blind pool will be unable to raise enough capital to carry out its investment plan. After the capital raising phase is complete, non-traded REIT shares are infrequently re-valued and thus may not reflect the true net asset value of the underlying real estate investments. Non-traded REITs often offer investors a redemption program where the shares can be sold back to the sponsor; however, those redemption programs are often subject to restrictions and may be suspended at the sponsor's discretion. While non-traded REITs may pay distributions to investors at a stated target rate during the capital-raising phases, the funds used to pay such distributions may be obtained from sources other than cash flow from operations, and such financing can increase operating costs.

With respect to publicly traded REITs, publicly traded REITs may be subject to additional risks and price fluctuations in the public market due to investors' expectations of the individual REIT, the real estate market generally, specific sectors, the current yield on such REIT, and the current liquidity available in public market. Although publicly traded REITs offer investors

liquidity, there can be constraints based upon current supply and demand. An investor when liquidating may receive less than the intrinsic value of the REIT.

### **Private Equity**

Private equity is an ownership interest in a company or portion of a company that is not publicly owned, quoted, or traded on a stock exchange. Private equity takes an ownership interest in a company with the goal of enhancing the company's value by bringing about change. Compared to public equity, long-term results of private equity investments are less dependent on overall market performance. Private equity investments are subject to certain risks such as market and investment style risk. Investments are highly illiquid and subject to greater risk. These risks include lack of liquidity, lack of valuation transparency, conflicts of interest, higher management fees, and complex tax structures. Private equity investments may require a longer holding period and are highly speculative and may result in a loss of invested capital. The strategies discussed may only be appropriate for certain qualified investors.

### **Proxy Voting**

The firm does not take discretion with respect to voting proxies on behalf of its clients. All proxy material will be forwarded to the client by the client's custodian for the client's review and action. Clients may contact the firm with questions regarding proxies they have received.

The firm will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of the firm supervised and/or managed assets. In no event will the firm take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, the firm will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. The firm also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 7: Client Information Provided to Portfolio Managers**

The firm is the sole portfolio manager in the Prevail IWA Wrap Fee Program and does not share any personal information it collects from its clients other than as required by law or regulatory mandate. The firm may collect the following information in order to formulate its investment recommendations to clients:

- Income
- Employment and residential information
- Social security number
- Cash balance
- Security balances
- Transaction detail history
- Investment objectives, goals, and risk tolerance
- Sources of wealth and/or deposits
- Risk assessment
- Investment time horizon
- Income and liquidity needs
- Asset allocation
- Restrictions on management of accounts
- Client interview(s)
- Review of client's current portfolio
- Analysis of historical risk/return characteristics of various asset classes
- Analysis of the long-term outlook for global financial markets
- Analysis of the long-term global economic and political environments

## **Item 8: Client Contact with Portfolio Managers**

The firm encourages communication with its clients and does not limit or condition the amount of time clients can spend with the firm's advisory professionals.



## Item 9: Additional Information

### A. Disciplinary and Other Financial Activities and Affiliations

#### Disciplinary

##### Criminal or Civil Actions

There is nothing to report for this item.

##### Administrative Enforcement Proceedings

There is nothing to report for this item.

##### Self-Regulatory Organization Enforcement Proceedings

Brad Lawing signed an Acceptance, Waiver and Consent (AWC) which was accepted by the Financial Industry Regulatory Authority (FINRA) on November 7, 2017. At the time that the AWC was accepted, Brad Lawing was no longer registered with FINRA. Brad Lawing was found to have violated FINRA Rule 2010 by communicating securities business by a means his firm prohibited and could not monitor. Brad Lawing was also found to have violated FINRA Rule 2111 and 2010 by recommending shares of a business development company to three customers, but two of them did not satisfy the issuers' suitability standards and the third customer's investment resulted in overconcentration.

Brad Lawing was ordered to pay a fine of \$10,000. He was ordered to make restitution to two of the three affected customers in the amount of \$11,754 plus interest. In addition, Brad Lawing was suspended for five months from associating with any FINRA member firm in any capacity from November 20, 2017 through April 19, 2018. Brad Lawing paid the fine of \$10,000 and made restitution to the two clients in the total amount of \$12,255.87 in December 2017.

#### Other Financial Activities and Affiliations

##### Broker-Dealer or Representative Registration

Neither the firm nor its affiliates are registered broker-dealers and do not have an application to register pending.

##### Futures or Commodity Registration

Neither the firm nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

**Material Relationships Maintained by this Advisory Business and Conflicts of Interest*****Insurance Agents***

You can work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative will sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, will suggest that you implement our recommendations by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive and a material conflict of interest for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you would be biased. Clients are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

***Licensed Attorney***

Jonathan S. Staton, an investment adviser representative with Prevail IWA, has been a licensed attorney since 2007. Mr. Staton operates under the Law Offices of Jonathan Staton, LLC, a Missouri Limited Liability Company (the "Law Firm"). The Law Firm provides legal services to the public, primarily in estate planning, most of the work done by the Law Firm is the consultation and production of wills and trusts. Our clients may be referred to Mr. Staton for legal services in his separate capacity as an attorney. The Law Firm may provide legal services to clients, prospective clients, and non-clients for customary compensation. No referral fees are paid between the Law Firm and Prevail IWA. Jonathan Staton as an individual, however, is an employee and investment advisor representative of Prevail IWA. Mr. Staton is charged rent for his office space. Clients are under no obligation to seek the services of the Law Firm.

***Prevail Strategies LLC***

Kerry Lawing is the CEO and a member of Prevail Strategies LLC, an affiliated insurance agency. When acting in this capacity, Kerry Lawing is compensated in the form of a salary as CEO of Prevail Strategies LLC and, when profitable, he will receive distributions.

Andrew F. Stafford is the President of Prevail Strategies LLC. When acting in this capacity, Andrew F. Stafford is compensated in the form of a salary as President of Prevail Strategies LLC and, when profitable, he will receive distributions.

Bradley Lawing is a member of Prevail Strategies LLC. Bradley Lawing is compensated by the profits of Prevail Strategies LLC based on his ownership in the firm.

Prevail Strategies LLC and Prevail IWA are under common control and ownership. The receipt of this additional compensation affects the judgment of Messrs. Lawing, Stafford and Lawing and creates a conflict of interest when recommending insurance products to our advisory clients. While Messrs. Lawing, Stafford and Lawing endeavor always to put the interest of their clients first as a part of Prevail IWA's overall fiduciary duty to clients, clients should be aware

that the receipt of profits from Prevail Strategies LLC itself creates a conflict of interest and can affect the decision-making process when making recommendations. Clients are never obligated or required to purchase insurance products from or through Messrs. Lawing, Stafford or Lawing, or Prevail Strategies LLC.

#### ***Prevail Alternative Assets, LLC***

Prevail Alternative Assets, LLC, is affiliated with Prevail IWA and Prevail Strategies LLC, because they are under common ownership and control. Prevail Alternative Assets was formed to provide real estate investment opportunities for high-net-worth investors looking for diversification. Prevail Strategies LLC is the majority owner of Prevail Alternative Assets, with Kerry Lawing (CEO) as the majority owner of Prevail Strategies LLC. Kerry Lawing and the other members of Prevail Strategies LLC do not receive a salary from Prevail Alternative Assets but could receive compensation in the future in the form of distributions if Prevail Alternative Assets is profitable. Prevail Alternative Assets may from time to time solicit investments in real estate projects for clients of Prevail IWA. Clients should be aware that the receipt of additional compensation from Prevail Alternative Assets creates a conflict of interest that may impact the judgement of our investment advisor representatives and owners, who have an ownership interest in Prevail Alternative Assets and/or through our affiliation with Prevail Alternative Assets, when referring Prevail IWA clients to Prevail Alternative Assets. To mitigate this conflict of interest, Prevail Alternative Assets does not provide any compensation to our investment advisor representatives or owners for referrals.

Any investment by a Prevail IWA client into a Prevail Alternative Assets sponsored real estate investment would be without the involvement of Prevail IWA and should not be seen as a recommendation by Prevail IWA. Additionally, Prevail IWA clients should understand that any capital they invest in a Prevail Alternative Assets sponsored real estate investment would be completely outside of their advisory relationship with Prevail IWA and not part of their Prevail IWA Account going forward. Any client funds invested into a Prevail Alternative Assets offering is no longer held in custody by advisory Account custodians. Please note that the owners of Prevail Alternative Assets and Prevail IWA investment advisor representative can invest in Prevail Alternative Assets offerings. An investment by a Prevail Alternative Assets owner or Prevail IWA investment advisor representative should not be considered as an endorsement of any offering by Prevail Alternative Assets. Finally, there are material differences between the type of investments Prevail Alternative Assets may offer and the investments on which Prevail IWA provides advice on in terms of risk profile and liquidity, and the compensation Prevail Alternative Assets earns from a real estate project in which Prevail IWA clients invest may be materially different than the investment advisory fees Prevail IWA charges its clients.

Please be advised that Prevail Real Estate Opportunities, LLC, is an affiliated entity that exists solely to hold legacy real estate investment assets. No new investments are being added.

#### ***Use of DBA Name***

Prevail IWA, along with its affiliated entities, Prevail Strategies, LLC, and Prevail Alternative Assets, LLC, utilize the entity name "Prevail" for marketing purposes. This includes the use of the entity name reflected on our website as well as social media. The name "Prevail" references

independent services offered by each of the three entities and the specific services provided by each entity are summarized below:

- Prevail Innovative Wealth Advisors, LLC (Prevail IWA), is an investment adviser registered with the U.S. Securities Exchange Commission and offers investment advisory services.
- Prevail Strategies, LLC, is a registered insurance agency and offers insurance products and services.
- Prevail Alternative Assets, LLC, is an entity that offers private placements in real estate investment opportunities.

#### **Petra Real Estate Brokerage**

Certain individuals of the firm are registered with Petra Real Estate Brokerage ("Petra") as real estate brokers. These individuals are economically incentivized to refer clients in need of these services to Petra. Prevail IWA and its individuals are not affiliated with or controlled by Petra.

#### **Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

The firm does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

## **B. Code of Ethics, Brokerage Trading Practices, Account Reviews, and Financial and Related Matters**

#### **Code of Ethics Description**

In accordance with the Advisers Act, the firm has adopted policies and procedures designed to detect and prevent insider trading. In addition, the firm has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of the firm. The firm will send clients a copy of its Code of Ethics upon written request.

The firm has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

#### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

The firm does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, the firm does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

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

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which the firm specifically prohibits. The firm has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

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

The firm, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other the firm clients. The firm will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of the firm to place the clients' interests above those of the firm and its employees.

**Review of Accounts****Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Accounts are reviewed by Prevail IWA's investment adviser representative servicing the client's account. The frequency of reviews is determined based on the client's investment objectives,

but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

#### **Review of Client Accounts on Non-Periodic Basis**

The firm may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how the firm formulates investment advice.

#### **Content of Client-Provided Reports and Frequency**

For our asset management services, you may elect to receive transaction confirmation notices and will receive regular monthly account statements in writing directly from the qualified custodian. Additionally, we may provide position or performance reports at meetings with you and upon request.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by Prevail IWA.

#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

##### **Schwab**

Prevail IWA receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in the Prevail IWA Part 2A Brochure, Item 12: Brokerage Practices. The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients

##### **Expense Reimbursements**

The firm may from time to time receive expense reimbursement for travel, entertainment and/or marketing expenses from distributors of investment and/or insurance products. Although receipt of these expense reimbursements is not predicated on specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

**Advisory Firm Payments for Client Referrals**

The firm does not pay for client referrals.

**Financial Information**

**Balance Sheet**

Prevail IWA does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

The firm does not have any financial issues that would impair its ability to provide services to clients.

**Bankruptcy Petitions During the Past Ten Years**

There is nothing to report for this item.