

## Item 1: Cover Page

### **Part 2A of Form ADV** **Firm Brochure** December 19, 2024

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This brochure provides information about the qualifications and business practices of Intelligent Wealth Solutions LLC. If you have any questions about the contents of this brochure, please contact us 877-699-3258 or email [info@intelligentws.com](mailto:info@intelligentws.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or 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 Intelligent Wealth Solutions LLC is 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 February 16, 2024.

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## **Item 4: Advisory Business**

### **A. Intelligent Wealth Solutions LLC**

Intelligent Wealth Solutions LLC ("IWS" and/or "the firm"), is a limited liability company organized under the laws of the State of Texas. IWS is owned by Waterloo Capital, L.P. (90%) and Bennett Woodward (10%). John Chatmas is the firm's Manager/CEO. IWS has been providing investment management services since April 2019.

### **B. Advisory Services Offered**

IWS provides asset management services as a sub-adviser to third-party investment advisers. IWS manages model portfolios for third-party investment adviser firm clients as described in Item 8 of this brochure, who then offer such model portfolios to their advisory clients. IWS offers model portfolios that include securities and strategies as itemized in Item 8 of this Brochure.

Clients may access IWS solely through a third-party investment adviser approved to conduct business on a particular custodian investment advisory platform. Responsibility for determining whether IWS's investment management services are appropriate for a particular client is vested exclusively with the third-party investment adviser.

IWS offers several different model portfolios, which are further described in this brochure.

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

IWS may develop customized portfolios for the client(s). Clients select a category of risk based on an assessment of their individual investor relationships' risk tolerance and investment objectives. Clients may, however, impose reasonable restrictions on the management of accounts—for example, restricting the type or amount of security to be purchased in the account or maintaining a specific cash balance in the account.

### **D. Wrap Fee Programs**

IWS does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2023, IWS managed \$277,387,629 of discretionary assets.

## **Item 5: Fees and Compensation**

### **A. Methods of Compensation and Fee Schedule**

IWS's fee schedule is computed on the basis of the market value of the client's portfolio assets, payable either in arrears or advance, and computed on the last business day of the preceding quarter. The maximum annual fee for this service is 35 basis points. The quarterly fee is charged at one-fourth the annual rate.

IWS generally imposes a minimum account size of \$100,000. The account minimum may be waived by the firm in its sole discretion.

Investment management fees are always subject to the sub-adviser agreement between the third-party investment adviser and IWS as well as the investment advisory agreement between the client and the third-party investment adviser. Fees may be charged quarterly in arrears or advance depending on the sub-adviser agreement and remitted following the terms of the sub-advisory agreement. The initial quarterly fee is payable on the date the account is accepted and is computed on the market value of such portfolio assets on the date of such account acceptance. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

Sub-advisory agreements have an initial one-year term; thereafter they may be canceled by either party upon 60 days' prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

### **B. Client Payment of Fees**

IWS fees will be remitted following the terms of the sub-advisory agreement.

### **C. Additional Client Fees Charged**

The fees charged by IWS do not include fees charged by the client's third-party investment adviser, if applicable, exchange-traded funds, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund, fees and charges are disclosed in the fund's prospectus. Clients are advised to read these materials carefully before investing. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. Prepayment of Client Fees**

Depending on the terms of the sub-adviser agreement, IWS may be paid in advance for its investment advisory services. Sub-advisory agreements have an initial one-year term; thereafter they may be canceled by either party upon 60 days' prior written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

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

IWS's advisory professionals are compensated primarily through a salary and bonus structure. IWS's advisory is not paid any sales, service or administrative fees for the sale of any investment products with respect to managed advisory assets.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

IWS does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## Item 7: Types of Clients

IWS is an independent investment management firm providing asset management services as a sub-adviser to various third-party investment advisers and affiliates of IWS.

For investment management services, IWS generally imposes a minimum account size of \$100,000. The account minimum may be waived by the firm in its sole discretion.

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

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

IWS has developed a proprietary, quantitative model that uses sophisticated data analysis methods to identify market trends. By leveraging historical data, relevant economic indicators, and real-time market information, the model provides insight on directional changes in the market.

For information on a specific fund's risks, strategies, fees, and other pertinent information, please obtain and review a copy of the applicable fund prospectus.

IWS has or may form relationships with third party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform billing and certain other administrative tasks

IWS may utilize additional independent third parties to assist in recommending and monitoring funds to clients as appropriate under the circumstances.

#### **A.1. IWS Model Portfolio Strategies**

IWS offers the following model portfolios:

##### **Newton Alpha Model Portfolios**

The Newton Alpha Model Portfolios are designed to achieve enhanced risk-adjusted returns relative to a global allocation. The model aims to invest in a combined portfolio of individual stocks and exchange-traded funds which have positive technical characteristics as determined by the firm's quantitative models. The model portfolios are constructed utilizing a "core/satellite" approach. The "core" is composed of exchange-traded funds, which may include multiple asset classes such as equity, fixed-income, commodity, currency, and real-estate exposures. The "core" portfolio allocation is unconstrained and determined by the manager utilizing IWS's proprietary quantitative models and risk tools. The "satellite" portfolio is composed of individual equity securities which rank high on IWS's quantitative models. The "satellite" portfolio's allocation is optimized to maximize the weighted portfolio rank as determined by IWS's quantitative models, positive technical analysis traits, and other factors as determined by the manager while minimize tracking error to the respective benchmark. The models have no mandate to stay fully invested in equities, and may use cash, cash equivalents, and fixed income instruments to protect capital in higher risk environments. The objective of the strategy is to achieve returns in excess of a globally diversified portfolio on a long-term basis, while protecting against downside volatility.

- Newton Dynamic Alpha Model Portfolio – The model portfolio has a targeted allocation of 80% and 20% risk off and is benchmarked against a globally diversified 80% Equity / 20% Fixed Income portfolio. The model portfolio's allocation between these levels, in addition to the core and satellite allocations, are unconstrained.

- Newton Defensive Alpha Model Portfolio – The model portfolio has a targeted allocation of 60% risk on and 40% risk off and is benchmarked against a globally diversified 60% Equity / 40% Fixed Income portfolio. The model portfolio's allocation between these levels, in addition to the core and satellite allocations, are unconstrained.

#### **Newton Risk Weighted Model Portfolios**

The Newton Risk Weighted Model Portfolios seek to provide enhanced risk-adjusted returns relative to each portfolio's risk framework. The portfolios are constructed to target a defined risk allocation between equity and fixed income exposures. The portfolios combine tactical management with strategic asset allocation. The portfolios are composed of exchange-traded products that provide exposure to various asset classes, regions, and sectors. The holdings are actively managed on a continuous basis using IWS's quantitative models and rebalanced monthly or as needed. The equity and fixed income portfolio allocations are unconstrained within their asset class and are optimized to maximize the weighted portfolio rank, as determined by IWS's quantitative models, positive technical analysis traits, and other factors determined by the manager and to minimize tracking error to the respective benchmark.

- Newton 100/0 Model Portfolio – The model portfolio has a targeted allocation of 100% risk on and 0% risk off, with a variance of -10%.
- Newton 90/10 Model Portfolio – The model portfolio has a targeted allocation of 90% risk on and 10% risk off, with a variance of +10% to -20%.
- Newton 80/20 Model Portfolio – The model portfolio has a targeted allocation of 80% risk on and 20% risk off, with a variance of +20% to -20%.
- Newton 70/30 Model Portfolio – The model portfolio has a targeted allocation of 70% risk on and 30% risk off, with a variance of +20% to -20%.
- Newton 60/40 Model Portfolio – The model portfolio has a targeted allocation of 60% risk on and 40% risk off, with a variance of +20% to -20%.
- Newton 50/50 Model Portfolio – The model portfolio has a targeted allocation of 50% risk on and 50% risk off, with a variance of +20% to -20%.
- Newton 40/60 Model Portfolio – The model portfolio has a targeted allocation of 40% risk on and 60% risk off, with a variance of +20% to -20%.
- Newton 30/70 Model Portfolio – The model portfolio has a targeted allocation of 30% risk on and 70% risk off, with a variance of +20% to -20%.
- Newton 20/80 Model Portfolio – The model portfolio has a targeted allocation of 20% risk on and 80% risk off, with a variance of +20% to -20%.
- Newton 10/90 Model Portfolio – The model portfolio has a targeted allocation of 10% risk on and 90% risk off, with a variance of +20% to -10%.
- Newton 0/100 Model Portfolio – The model portfolio has a targeted allocation of 0% risk on and 100% risk off, with a variance of +10%.

The portfolios are available in various risk-on and risk-off allocations. Risk-on is defined as asset classes that are generally defined as risk seeking, and risk-off is defined as asset classes that are generally defined as risk averse.

Risk Weighted Model	Risk-On Target	Risk-Off Target	Variance
Newton 100/0	100%	0%	-10%
Newton 90/10	90%	10%	+10%/-20%
Newton 80/20	80%	20%	+/-20%
Newton 70/30	70%	30%	+/-20%
Newton 60/40	60%	40%	+/-20%
Newton 50/50	50%	50%	+/-20%
Newton 40/60	40%	60%	+/-20%
Newton 30/70	30%	70%	+/-20%
Newton 20/80	20%	80%	+/-20%
Newton 10/90	10%	90%	+20%/-10%
Newton 0/100	0%	100%	+10%

#### **Newton Risk Weighted Tax Aware Model Portfolios**

The Newton Risk Weighted Tax Aware Model Portfolios seek to provide enhanced risk-adjusted returns relative to each portfolio's risk framework. The portfolios are constructed to target a defined risk allocation between equity and fixed income exposures. The portfolios combine tactical management with strategic asset allocation. The portfolios are composed of exchange-traded products that provide exposure to various asset classes, regions, and sectors. The holdings are actively managed on a continuous basis using IWS's quantitative models and rebalanced quarterly or as needed. The equity and fixed income portfolio allocations are unconstrained within their asset class and are optimized to maximize the weighted portfolio rank, as determined by IWS's quantitative models, positive technical analysis traits, and other factors determined by the manager and to minimize tracking error to the respective benchmark. IWS will continuously look for tax loss harvesting opportunities throughout the year.

- Newton 100/0 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 100% risk on and 0% risk off, with a variance of -10%.
- Newton 90/10 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 90% risk on and 10% risk off, with a variance of +10% to -20%.
- Newton 80/20 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 80% risk on and 20% risk off, with a variance of +20% to -20%.
- Newton 70/30 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 70% risk on and 30% risk off, with a variance of +20% to -20%.
- Newton 60/40 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 60% risk on and 40% risk off, with a variance of +20% to -20%.
- Newton 50/50 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 50% risk on and 50% risk off, with a variance of +20% to -20%.

- Newton 40/60 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 40% risk on and 60% risk off, with a variance of +20% to -20%.
- Newton 30/70 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 30% risk on and 70% risk off, with a variance of +20% to -20%.
- Newton 20/80 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 20% risk on and 80% risk off, with a variance of +20% to -20%.
- Newton 10/90 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 10% risk on and 90% risk off, with a variance of +20% to -10%.
- Newton 0/100 Tax Aware Model Portfolio – The model portfolio has a targeted allocation of 0% risk on and 100% risk off, with a variance of +10%.

The portfolios are available in various risk-on and risk-off allocations. Risk-on is defined as asset classes that are generally defined as risk seeking, and risk-off is defined as asset classes that are generally defined as risk averse.

Risk Weighted Model	Risk-On Target	Risk-Off Target	Variance
Newton 100/0 Tax Aware	100%	0%	-10%
Newton 90/10 Tax Aware	90%	10%	+10%/-20%
Newton 80/20 Tax Aware	80%	20%	+/-20%
Newton 70/30 Tax Aware	70%	30%	+/-20%
Newton 60/40 Tax Aware	60%	40%	+/-20%
Newton 50/50 Tax Aware	50%	50%	+/-20%
Newton 40/60 Tax Aware	40%	60%	+/-20%
Newton 30/70 Tax Aware	30%	70%	+/-20%
Newton 20/80 Tax Aware	20%	80%	+/-20%
Newton 10/90 Tax Aware	10%	90%	+20%/-10%
Newton 0/100 Tax Aware	0%	100%	+10%

#### **Liquid Alternative Model Portfolios**

The Liquid Alternative Model Portfolios are designed to provide exposure to private markets. The models aim to provide exposure to private market investments composed of equity, credit, and other uncorrelated investment opportunities to generate attractive risk-adjusted returns compared to its benchmark. The model portfolios are constructed by allocating to private market funds and strategies sourced, vetted, and created through a rigorous quantitative and qualitative due diligence process. The portfolio allocations for each model are unconstrained and determined by the manager through research and investment due diligence. The objective of this strategy is to achieve attractive risk-adjusted returns in excess of the benchmark.

- Liquid Alternatives AI Models provides private market exposure for accredited investors.

- Liquid Alternatives QC Models provides private market exposure for qualified clients and qualified purchasers.
- Liquid Alternatives Models provides private market exposure for non-accredited investors

### **IWS Focused Equity Model**

The IWS Focused Equity Model is an investment approach that prioritizes long-term capital appreciation. This model primarily targets stocks with potential for above-average growth in revenue and earnings. Investments are typically made in companies that exhibit innovative business models, strong competitive advantages, and potential for market leadership. Regular portfolio reviews ensure that the investments align with the current market conditions and model goals. Portfolios will be rebalanced at least quarterly. The model is inclusive of individual equities and money market funds and targets 100% market exposure. IWS has the discretion to reduce market exposure to 90%. IWS also offers the ability to customize these strategies to accommodate targeted yields and individual bond positions. The benchmark is the S&P 500 Index.

### **IWS Income Opportunities Model**

The IWS Income Opportunities Model primarily focuses on generating high current income while considering capital appreciation as a secondary objective. This approach involves investing in a diversified portfolio of income-producing securities including stocks and ETFs. The model portfolio is inclusive of individual equities, fixed income ETFs, and money market funds. The model portfolio has a targeted allocation of 80% risk on and 20% risk off, with a variance of +/- 10%. Regular portfolio reviews ensure that the investments align with the current market conditions and model goals. Adjustments are made as necessary to optimize the balance between income generation and capital appreciation potential. Portfolios will be rebalanced at least quarterly. IWS also offers the ability to customize these strategies to accommodate targeted yields and individual bond positions. The benchmark is 80% Dow Jones Select Dividend Index, 10% Bloomberg US Corporate Bond Investment Grade Index, and 10% Bloomberg High Yield Composite Index.

### **IWS Select Dividend Model**

The IWS Select Dividend Model aims for long-term capital appreciation and income by investing in dividend-paying companies. It primarily focuses on stocks with high relative dividend yields, potential for dividend growth, and potential stock price appreciation. The portfolio is primarily invested in domestic securities and will be diversified across sectors and capitalizations. Regular portfolio reviews ensure that the investments align with the current market conditions and income goals. Portfolios will be rebalanced at least quarterly. The model is inclusive of individual equities and money market funds and targets 100% market exposure. IWS has the discretion to reduce market exposure to 90%. IWS also offers the ability to customize these strategies to accommodate targeted yields and individual bond positions. The benchmark is the S&P Dividend Aristocrats Index.

### **IWS Strategic 80/20 Model**

The IWS Strategic 80/20 Model strategy seeks to provide enhanced risk-adjusted returns relative to a globally diversified 80% equity and 20% fixed income portfolio, with lower volatility than its benchmark. The strategy combines tactical management with strategic asset allocation. It is comprised of exchange-traded funds (ETFs) providing exposure to various asset classes, global regions, and sectors. Holdings are updated monthly. The benchmarks are 80% MSCI World with USA Index, 17% Bloomberg Aggregate Bond Index, and 3% Bloomberg Macro Index Global Aggregate ex-US.

## **A.2. Material Risks of Investment Instruments**

IWS typically invests in equity securities, corporate debt instruments, municipal fixed income instruments, private funds, commodities, and government securities including asset-backed securities, and options on securities as detailed below:

- Equity securities
- Exchange-traded funds
- Corporate debt obligations
- Private Placements
- Pooled Investment Vehicles

### **A.2.a. 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.

### **A.2.b. Exchange-Traded Funds ("ETFs")**

IWS may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). 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>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

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.

#### **A.2.c. Corporate Debt Obligations**

IWS may invest in corporate debt obligations. Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity.

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 10 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 also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.d. 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.

#### **A.2.e. 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.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Short-Term Trading**

IWS may utilize short-term trading when deemed appropriate by the manager. In this regard, please read the following:

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

### **B.2. 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.

## **C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they 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.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

IWS has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

IWS has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

IWS has nothing to disclose for this item.

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

### **A. Broker-Dealer or Representative Registration**

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

### **B. Futures or Commodity Registration**

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

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Waterloo Capital, L.P.**

Waterloo Capital, L.P. (dba "Waterloo Capital") is an affiliate of IWS and a registered investment adviser. Waterloo Capital manages individual separate accounts for its advisory clients. Prospective clients are advised that IWS has an economic interest in recommending its affiliate, Waterloo Capital, for separate account management. Conversely, Waterloo Capital has an economic interest in recommending IWS to clients.

#### **C.2. Insurance Activities**

John Chatmas is a registered insurance agent. With respect to the provision of financial planning services, he may recommend insurance products offered by such carriers for whom he functions as an agent and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Also be advised that Mr. Chatmas strives to put clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

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

Other than as described in Item 10.C. above, IWS does not recommend separate account managers or other investment products in which it receives any form of solicitor compensation from the separate account manager or investment product sponsor.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, IWS has adopted policies and procedures designed to detect and prevent insider trading. In addition, IWS 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. IWS will send clients a copy of its Code of Ethics upon written request.

IWS 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 nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

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

IWS 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, IWS does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

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

IWS, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased 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 IWS specifically prohibits. IWS 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 IWS's procedures when purchasing or selling the same securities purchased or sold for the client.

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

IWS, 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 of the firm's clients. IWS 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 IWS to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

IWS generally operates as a sub-adviser to various third-party investment advisers. All custodian recommendations are provided by the investment adviser subscribing to the third-party investment adviser's investment platform. IWS uploads models to a third-party trading platform, in which securities transactions are effected through the platform sponsor's custodian.

IWS may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA-registered broker-dealers, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although IWS may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. IWS is independently owned and operated and not affiliated with custodian. For IWS client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

IWS considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by IWS, IWS will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by IWS will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

##### A.1.a. How We Select Brokers/Custodians to Recommend

IWS seeks to recommend a custodian/broker who will hold client 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, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)

- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, exchange-traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **A.1.b. Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **A.1.c Soft Dollar Arrangements**

IWS does not utilize soft dollar arrangements. IWS does not direct brokerage transactions to executing brokers for research and brokerage services.

#### **A.1.d. Institutional Trading and Custody Services**

The custodian provides IWS with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

**A.1.e. Other Products and Services**

Custodian also makes available to IWS other products and services that benefit IWS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of IWS's accounts, including accounts not maintained at custodian. The custodian may also make available to IWS software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of IWS's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help IWS manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of IWS personnel. In evaluating whether to recommend that clients custody their assets at the custodian, IWS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

**A.1.f. Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to IWS. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to IWS.

**A.1.g. Additional Compensation Received from Custodians**

IWS may participate in institutional customer programs sponsored by broker-dealers or custodians. IWS may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between IWS's participation in such programs and the investment advice it gives to its clients, although IWS receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations

- Research-related products and tools
- Consulting services
- Access to a trading desk serving IWS participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to IWS by third-party vendors

The custodian may also pay for business consulting and professional services received by IWS's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for IWS's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit IWS but may not benefit its client accounts. These products or services may assist IWS in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help IWS manage and further develop its business enterprise. The benefits received by IWS or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

IWS also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require IWS to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, IWS will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by IWS's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for IWS's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, IWS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by IWS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence IWS's recommendation of broker-dealers for custody and brokerage services.

#### **A.1.h. The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving

the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

## **A.2. Brokerage for Client Referrals**

IWS does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. IWS Recommendations**

IWS typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct IWS to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage IWS derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. IWS loses the ability to aggregate trades with other IWS advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **B. Aggregating Securities Transactions for Client Accounts**

### **B.1. Best Execution**

IWS, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. IWS recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. IWS will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement

- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, IWS seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of IWS's knowledge, these custodians provide high-quality execution, and IWS's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, IWS believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since IWS may be managing accounts with similar investment objectives, IWS may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by IWS in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

IWS's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. IWS will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

IWS's advice to certain clients and entities and the action of IWS for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of IWS with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of IWS to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating

in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if IWS believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

IWS acts in accordance with its duty to seek best price and execution and will not continue any arrangements if IWS determines that such arrangements are no longer in the best interest of its clients.

## **Item 13: Review of Accounts**

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

IWS's portfolio manager reviews his model portfolios on at least a monthly basis.

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

IWS may perform ad hoc reviews on an as-needed basis if the client has imposed significant restrictions on IWS's management of the account or if there have been material changes in how IWS formulates investment advice or constructs its model portfolios.

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

IWS reports on a quarterly basis or at some other agreed-upon interval the performance of the model portfolios measured against appropriate benchmarks.

The client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.

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

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

IWS 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 above in 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.

### **B. Advisory Firm Payments for Client Referrals**

IWS does not pay for client referrals.

## Item 15: Custody

IWS is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

IWS offers model portfolios that are utilized by third-party investment advisers. Although IWS does exercise investment discretion, it does so only with respect to the composition of its model portfolios.

## Item 17: Voting Client Securities

IWS does not take discretion with respect to voting proxies on behalf of its clients. IWS 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 IWS supervised and/or managed assets. In no event will IWS take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, IWS 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. IWS has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. IWS 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, IWS 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 IWS 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 18: Financial Information**

### **A. Balance Sheet**

IWS does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

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

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

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.