

**Item 1: Cover Page**

**Compass Financial Services, Inc.**

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IARD/CRD Number: 109441

**Form ADV Part 2A - Appendix 1  
Wrap Fee Program Brochure**

February 2, 2024

This wrap fee program brochure provides information about the qualifications and business practices of Compass Financial Services, Inc. If you have any questions about the contents of this brochure, please email us at [caleb.pearson@compassiowa.com](mailto:caleb.pearson@compassiowa.com) or call 515-327-1020. 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.

Compass Financial Services, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Compass Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Compass Financial Services, Inc.'s CRD number is 109441.

**Item 2 – Summary of Material Changes**

There have been material changes since the January 20, 2023, filing on the IARD system as follows:

Effective March 31, 2023, the office located at 119 N 9<sup>th</sup> Street, Ste B, Adel, Iowa 50003 has closed.

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

### Description of Our Advisory Firm

Compass Financial Services, Inc. (“Compass”) was organized in 1999. The owners of Compass are Kurtis Pearson, Steve Conard, Caleb Pearson, Guy Leman, Julie Greer, and Justin Van Houten with Steve Conard as a principal owner. We provide investment advice to individuals, retirement plans, trusts, estates, charitable organizations, corporations and other business entities through our wrap program. We also provide advice to clients on financial planning, retirement planning, estate planning, tax planning which may include mortgages, automobiles, 529 plans, and other similar financial matters. Advice may be provided on matters that include, but are not limited to, life insurance, property and casualty insurance, and long-term care insurance. Compass is a fiduciary and is required to act in a client’s best interest at all times.

### Wrap Fee Program

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

Clients can engage our wrap fee program to manage all or a portion of their assets on a discretionary basis. Clients can establish accounts at LPL Financial (“LPL”) for the custody of assets, with our assistance. We typically provide investment advice on mutual fund shares, insurance products (including variable annuities and life insurance) and ETFs (exchange-traded funds). We may also provide investment advice on exchange-listed securities, securities traded over-the-counter, certificates of deposit, securities option contracts, REITs (real estate investment trusts), and any type of investment held in a client’s portfolio at the inception of the advisory relationship. This may not be an all-inclusive list.

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

### Investment Management

We use a time-tested, disciplined approach to investing. We are a “total portfolio” manager using an active, diversified investment approach. We believe that a portfolio should be diversified using asset classes that cross correlate. Typically, we tailor our portfolios to the individual needs of our clients by evaluating the client’s investment guidelines and objectives which we use to guide us in making investment decisions for each client. If you desire, you may impose restrictions on the securities or types of securities you would like us to invest in.

As of December 31, 2023, we manage \$288,212,009 in client assets on a discretionary basis for total assets under management.

### Fees and Compensation

#### Investment Management Fee

We provide investment management services for an annual fee based upon a percentage of the market value of the assets being managed. Our investment management fee does include transaction

executions costs, custodial fees, or other costs. On an annualized basis, our current fees for investment management services will not exceed 1.75% of the assets under management. Our annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by us on the last day of the previous quarter. The annual fee is negotiable and we may charge additional fixed fees for planning/projects in certain circumstances.

#### Fees for Management during Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis. The Agreement will continue in effect until terminated by either party pursuant to the terms of the Agreement. Our fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the quarter.

Although the Adviser believes its management fee is competitive, clients may be able to find similar services at higher or lower costs. Clients should also be aware of the fact that different clients are charged different negotiated fees, thus some clients pay more or less than others for similar services. Also, there can be no assurance that transactions effected through us result in the lowest per transaction cost possible to a client.

Prospective clients should be aware that in addition to the advisory fees, each mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance. Depending on the fund, a client may be able to invest directly in the shares issued by the fund with or without incurring any sales or third-party management fees. Account maintenance fees are also deducted by the Custodian.

In addition, there are tax effects pertaining to fund share redemptions, and other sales, made by the Adviser on behalf of clients. Redemptions and sales are taxable events which may accelerate the recognition of capital gains, and losses, and frequent redemptions and sales may result in short-term, rather than long-term, capital gains and losses.

Fees payable to the Adviser for Investment Management Services are, with the client's prior permission, automatically deducted from the client's account when due. The Adviser will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the deduction of fees from the managed account is contained in the Agreement. The client may terminate the authorization for automatic deduction at any time by notifying the Adviser in writing.

If we make a trade error that results in a loss to a client, we will make the client whole. If we make a trade error that results in a gain to a client, LPL, and not us, keeps the gain. In that case, LPL will keep the gain to defray the processing costs associated with errors.

#### Other Compensation

##### Commissions or Sales Charges for Recommendations of Securities

Clients can engage certain persons associated with the firm (but not the firm itself) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with this firm. Under this arrangement, clients may implement securities transactions through certain of our Investment Adviser Representatives in their respective individual capacities as registered representatives of LPL, an SEC registered broker-dealer and member of FINRA. LPL may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by LPL to such representatives. Prior to effecting any transactions clients are required to enter into a new account agreement with LPL.

The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. We do not charge an advisory fee on the same assets for which our Investment Adviser Representatives receive commissions.

First and foremost, our objective as a firm is to place nothing before the best interests of our clients. However, a conflict of interest exists to the extent that advisory representatives can recommend the purchase of securities where they receive commissions or other additional compensation as a result. The receipt of commissions provides an incentive for advisory representatives to recommend investment products based on compensation they will receive from selling such products, rather than on the client's needs. We do not allow advisors to earn a commission on products that are included within our advisory accounts.

We take the following steps to mitigate the possibility that the advisory representatives will recommend an investment product based on commission rather than on the client's needs: we address the inherent conflicts as noted in the paragraph above, by disclosing them to you in this Brochure and disclosure is made to the client at the time a brokerage account is opened through LPL, identifying the nature of the transaction or relationship, the role to be played by LPL and the advisory representative, individually, and any compensation (e.g. commissions) to be paid by the client.

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

The Adviser usually does not require a minimum account size before accepting accounts for its various management services. The Adviser does not collect more than \$1,200, six months in advance for fees. The Adviser makes its' advisory services available to a wide variety of clients including, but not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

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

##### **Item 6.A – Selection and Review of Portfolio Managers**

Client's investment portfolios are managed our Investment Adviser Representatives using our proprietary models.

##### **Item 6.B – Advisory Business, Performance-Based Fees and Side- By-Side Management, Methods of Analysis, Investment Strategies and Risk of Loss, And Voting Client Securities**

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

Our firm utilizes our licensed investment adviser representatives to manage client portfolios. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each Investment Adviser Representative will then have a Form U4 and ADV Part 2B on file with our firm.

##### **Item 6.B1 – Advisory Business**

See Item 4 of this Wrap Fee Program Brochure for a full description of Adviser's wrap fee program. Adviser offers individualized investment advice to clients. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. However, restrictions on investments in

certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

**Item 6.B2 – Performance-Based Fees and Side-By-Side Management**

The Adviser does not charge or receive, directly or indirectly, any performance-based fees and does not participate in side-by-side arrangements.

**Item 6.B3 – Methods of Analysis, Investment Strategies and Risk Of Loss**

Each Investment Advisor Representative (IAR) determines the most suitable investment strategy when managing client accounts, while adhering to the guidelines set forth by the Investment Committee. The following provides information regarding the methods of analysis and investment strategies that may be used by our advisory representatives.

Methods of Analysis

We typically use, directly or indirectly, fundamental and technical analysis to assist with investment decisions. Fundamental analysis involves the financial condition, operating performance, management, and competitive position of individual companies. The primary risk in using fundamental analysis for individual companies is that while the overall health and position of a company may be good, overall market conditions may negatively affect the value of its securities.

When applied to securities markets, fundamental analysis evaluates prevailing macroeconomic and fiscal/monetary policy conditions in an effort to determine the relative level of risk and opportunity present in the overall investing environment. We base investment decisions in selected proprietary model portfolios on relative valuation; our assessment of whether markets are fairly priced, overvalued, or undervalued relative to historical norms and the prevailing fundamental investing landscape. The primary risk of using fundamental analysis in the context of securities markets is that prevailing investor sentiment may not be consistent with our assessment of the fundamental landscape.

Technical analysis involves the analysis of past market data rather than specific company data in making investment decisions. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the underlying fundamentals of companies and markets. The primary risk in using technical analysis is that spotting historical trends does not guarantee that we will be able to predict accurately future reoccurrence of such trends. We do not directly employ technical analysis in our investment process.

Investment Strategies

We generally manage client portfolios by allocating portfolio assets among various mutual funds and ETFs using one or more of its proprietary model portfolios. We actively manage each model portfolio in a manner consistent with the financial circumstances and investment objectives of the clients assigned thereto. We believe that the long-term benefit of active portfolio management versus passive “Buy & Hold” investing derives from the proper management of risk over full-market cycles. Furthermore, we believe that the most meaningful measure of investment “risk” is the magnitude of market-induced drawdown in portfolio value and that changing market conditions dictate choosing which types of risk to assume and/or minimize. Mitigating the negative impact of the relative few “bear market” cycles produces superior long-term total returns versus a “buy and hold” investment strategy. We feel that portfolio construction based on how investments interact with, relate to, and correlate with each other – can produce more consistent returns than basic asset allocation alone. We further believe that “beating the market” is not a meaningful investment objective, but that achieving investment returns that enable our clients to reach their financial goals without assuming unnecessary levels of risk is a superior objective.

## Model Portfolios

Under normal circumstances, IARs will assign client accounts to one of our proprietary model portfolios based on a combination of the following factors: 1) primary investment objective; 2) time horizon in which the client anticipates drawing income from the account; 3) the client's risk tolerance. We will manage accounts not assigned to any model portfolio for reasons determined by the IAR and client, in a manner consistent with a combination of the foregoing factors, and any other considerations deemed appropriate by the advisor and client.

Proprietary model portfolios fall into one of three classifications: Growth, Volatility-Managed, or Income. Growth models shall pursue a primary investment objective of capital appreciation; Volatility-Managed models shall pursue a primary investment objective of total return consistent with limiting market-induced portfolio value declines; Income models shall pursue a primary investment objective of current income. We will operate within prescribed risk-management parameters for all model portfolios, regardless of which classification they fall under.

To the extent that we have long-established relationships with certain product vendors, we expect to continue utilizing certain of those vendors' funds in various model portfolios as 'core' strategic holdings. The designation of such 'core' holdings reflects our many years of experience with said products, in addition to other resources provided by these asset managers. Such resources include access to fund managers and other product experts, market intelligence and economic analysis, professional portfolio construction analytics, continuing education (CE) opportunities, client educational seminars and materials, access to technology-based analytical tools, and long-standing relationships with local representatives who understand and support our investment philosophy and practice.

Given the foregoing resources are made available to us at no monetary cost, and that said vendors have historically provided financial sponsorship to events we offer to our clients (educational, entertainment, client appreciation), such support in all its forms presents a conflict of interest in the context of optimal investment selection for client portfolios. Other conflicts of interest in this regard may arise from our access to cost-free trading of certain vendors' products.

Recognizing that many of these ancillary resources serve to add tangible value to our investment process and cost savings to us, we expect our clients to benefit through enhanced investment performance, and for the associated cost savings to contribute to our ability to hold down client fees to the best of our ability over time. Notwithstanding the foregoing, to address these and any other conflicts of interest that may arise, we shall perform recurring due diligence on all incumbent products annually, employing the same process applied to the selection of new products.

Each proprietary model portfolio has defined intervals and/or triggering events, which could necessitate reallocating the portfolio. We will review and evaluate every model portfolio for possible reallocation effective the first week of every calendar quarter. We may augment this "scheduled" trading review with "unscheduled" trading triggered by market-wide events or security-specific developments deemed significantly impactful to act on immediately.

We benchmark each proprietary model portfolio against an appropriate recognized market index or blend of multiple indices. We will determine what constitutes a "best fit" benchmark for any given model portfolio based on the model's primary investment objective and the investment strategy defined for the model. We will employ benchmarking for the primary purpose of tracking the efficacy of its investment strategies relative to passive market exposure employing no risk management. We will identify sources of tracking error when returns vary significantly versus those of the assigned benchmark. Given the asset allocation strategy employed by some model portfolios, their portfolio composition may, at any given point in time, depart significantly from the benchmark weightings due to our efforts to enhance returns and/or mitigate investment risks.



## Risk of Loss

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

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

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

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

### *Market Risks*

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

### *General Risk of Loss*

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

## **Item 6.B4 – Voting Client Securities**

We will not vote proxies on behalf of client accounts. Although we may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights. The Adviser does not vote proxies on behalf of clients who will receive such notices from their account's custodian.

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

Client's portfolios will be managed by our Investment Adviser Representatives who is privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolios(s) and relevant client notes taken by our firm. Please refer to our privacy policy if clients are concerned about the privacy of any non-public information we retain.

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

Clients are always free to directly contact any of our Investment Adviser Representatives with any questions or concerns they have about their portfolios or other matters.

## **Item 9 - Additional Information**

### **Item 9.A –Disciplinary Information; Other Financial Industry Activities**

We, nor anyone on our management team, have been, or is currently, subject to any criminal, civil, or disciplinary action. No Adviser employee has a pending application to register as a registered representative, an associated person of a futures commission merchant, a commodity pool operator, or a commodity trading adviser. The Adviser does not have a pending application to register as a broker-dealer, a futures commission merchant, a commodity pool operator, or a commodity trading adviser.

#### Receipt of Securities Commission

We participate in LPL's hybrid RIA program. As such, some of the investment advisory representatives are also registered representatives of LPL. LPL is a broker-dealer that is independently owned and operated and is not affiliated with the firm. Please refer to Item 12 for a discussion of the benefits the firm receives from LPL and the conflicts of interest associated with receipt of such benefits. In such capacity, those advisory representatives that are also registered representatives of LPL will receive commissions for recommending the purchase or sale of securities. As a result of this relationship, LPL has access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through LPL. Any client who would like a copy of the LPL privacy policy may contact the firm.

#### Receipt of Insurance Commission

Certain of our Investment Adviser Representatives, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. Although we do not sell such insurance products to our investment advisory clients, we do permit the advisory representatives, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that we recommend the purchase of insurance products where its advisory representatives receive insurance commissions or other additional compensation.

### **Item 9.B – Code of Ethics; Review of Accounts; Client Referrals And Other Compensation; And Financial Information**

We recognize that the personal investment transactions of the associated persons of the firm necessitates the implementation and strict adherence to a robust set of values, or Code of Ethics. We have adopted such a Code that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), our Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by any of our associated persons. The Code of Ethics also requires that certain personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in our Code of Ethics, none of our Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold on behalf of any of our clients.

When we are purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when we are selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market

instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds. A copy of our Code of Ethics is available upon request to any of our clients or prospective clients.

Your accounts are under continuous review by our Investment Adviser Representatives. Our Investment Committee reviews our proprietary model portfolios on a weekly basis; changes made to any model portfolio by the committee will be reflected in all client accounts assigned to that model(s).

Portfolio reviews are conducted frequently to judge the appropriateness of securities held in your account. Accounts are reviewed if there is an extraordinary event such as abnormal performance of a mutual fund or individual equity, if there is a change in a mutual fund manager or if there is a significant market swing. Caleb Pearson reviews all accounts and each Investment Adviser Representative is assigned his/her respective accounts under management. In addition to the written statements that our clients receive from LPL through the mail or via email our clients receive quarterly, semiannual, or annual reviews that include, but are not limited to, evaluation and review of securities currently held in an account, performance review, and review of activity in the account since the last review.

We are required to disclose any relationship or arrangement where we receive an economic benefit from a third party (non-client) for providing advisory services. In addition, we are required to disclose any direct or indirect compensation that we provide for client referrals. At this time, we do not use the services of solicitors, affiliated or non-affiliated.

As a result of our relationship with LPL, we may receive production bonuses, stock or stock options to purchase shares of LPL's parent company, and other things of value such as free or reduced-cost attendance at LPL's national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or the amount of assets serviced through LPL. Thus, there is a financial incentive for us to recommend that you select LPL as the custodian for your investment management account so that we will be compensated. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in the client's best interests.

In addition, we receive an economic benefit from LPL Financial in the form of a loan, which is forgiven if we meet certain conditions in terms of maintaining a relationship with LPL Financial. We also receive payments from LPL to reimburse for marketing related expenses, technology costs, and to pay for transitioning new advisory representatives to the firm. Please see detailed discussion of the conditions and conflicts of interest in Item 12 Brokerage Practices.

We receive an economic benefit from LPL 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 LPL. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12- Brokerage Practices). The availability to us of LPL's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

LPL's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage trading, custody, reporting and related services – many of which are not typically available to LPL retail customers. LPL also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Here is a more detailed description of LPL's support services:

Services that Benefit You. LPL's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through LPL include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. LPL's services described in this paragraph generally benefit you and your account.

Services that May Indirectly Benefit You. LPL also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both LPL's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at LPL. In addition to investment research, LPL also makes available software and other technology that:

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

Services that Generally Benefit Our Firm. LPL also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

LPL may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. LPL may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. LPL may also provide us with other benefits such as occasional business entertainment of our personnel.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we have an incentive to continue to use or expand the use of LPL services. Our firm examined this conflict of interest when we chose to enter into the relationship with LPL and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

LPL charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL may be higher or lower than those charged by other custodians and broker-dealers.

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody of some assets, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

#### ***Notice Regarding Treatment of Confidential Information***

***Privacy Notice To Our Clients.*** We have adopted this policy with recognition that protecting the privacy and security of the personal information we obtain about our customers is an important responsibility. We also know that the customer expects us to service their accounts in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about our customers. We want the customer to know what information we collect and how we use and safeguard that information.

**What Information We Collect**

We collect certain nonpublic personal identifying information about our customers (such as name, address, social security number, etc.) from information that the customer provides on applications or other forms as well as communications (electronic, telephone, written, or in person) with the customer or authorized representatives (such as attorneys, accountants, etc.). We also collect information about brokerage accounts and transactions (such as purchases, sales, account balances, inquiries, etc.).

**What Information We Disclose**

We do not disclose the nonpublic personal information we collect about our customers to anyone except: (i) in furtherance of our business relationship and then only to those persons necessary to effect the transactions and provide the services that the customer authorizes (such as broker-dealers, custodians, independent managers, etc.); (ii) persons assessing our compliance with industry standards (e.g. professional licensing authorities, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law.

We are permitted by law to disclose the nonpublic personal information about our customers to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any purpose. If the customer decides at some point to either terminate our services or become an inactive customer, we will continue to adhere to our privacy policy, as may be amended from time to time.

**Security of Customer Information**

We restrict access to customer nonpublic personal information to those employees who need to know that information to service the accounts. We maintain physical, electronic, and procedural safeguards that comply with applicable federal or state standards to protect customer personal information.

**Changes To Our Privacy Policy Or Relationship With The Customer**

Our policy about obtaining and disclosing information may change from time to time. We will provide the customer notice of any material change to this policy before we implement the change. If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us at the number shown below so we can update our records.

Further Information. For additional information regarding our privacy policy, please contact us by writing to us at 4801 Westown Parkway, West Des Moines, Iowa 50266, or calling (515) 327-1020.