

## Item 1: Cover Page

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# **Compass Ion Advisors, LLC**

## **Form ADV Part 2A**

### **Investment Advisor Brochure**

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February 2024

This brochure provides information about the qualifications and business practices of Compass Ion Advisors, LLC. If you have any questions about the contents of this brochure, please contact Matthew D. Kane, President, Principal and Chief Compliance Officer, at (610) 228-2200 or [mkane@ionadv.com](mailto:mkane@ionadv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment advisor does not imply any level of skill or training.

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

We are a registered investment adviser. Please note that use of the term "registered investment advisor" and a description of the Firm and/or our employees as "registered" does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Material Changes

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In this Item of Compass Ion Advisors, LLC's (Compass Ion or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing on March 15, 2023, Compass Ion has the following Material Changes to report:

- This Form was updated to reflect changes in our brokerage practices relating to the acquisition of the qualified custodian, TD Ameritrade, by Charles Schwab & Co., Inc. Please see Item 12 (Brokerage Practices).
- This Form was updated to clarify our receipt of client referrals from promoters and our payment of related compensation. This change was made pursuant to the SEC's new Marketing Rule. Please see Item 14 (Client Referrals and Other Compensation).
- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities)

### **Full Brochure Available**

Compass Ion's Form ADV may be requested at any time, without charge, by contacting Matthew D. Kane, President, Principal and Chief Compliance Officer, at (610) 228-2200 or [mkane@ionadv.com](mailto:mkane@ionadv.com).

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## Item 4: Advisory Business

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Compass Ion Advisors, LLC is a registered investment adviser with its principal place of business located in Pennsylvania. Compass Ion Advisors, LLC began conducting business in 2008.

The Firm's shareholders include Matthew D. Kane and Joshua S. Manifold.

Compass Ion offers the following advisory services to clients:

### **Financial Planning**

Compass Ion provides financial planning services. Financial planning is an integrated evaluation of a client's current and projected future financial status using currently known data, assumptions about future events, goals and variables to project future cash flows and asset values. Compass Ion uses the results of these projections to create planning recommendations in the context of the clients' expressed mission, vision, values and goals. Through the financial planning process, all material questions, information and analysis are considered as they affect and are affected by the entire financial and life situation of the client. Clients receiving this service receive a written report which provides the client with a financial plan designed to assist the client achieve his or her financial goals and objectives.

Compass Ion gathers necessary information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes toward risk. All documentation and information supplied by client, or with the client's permission, are carefully reviewed prior to the preparation of a written report. Should the client choose to implement the recommendations contained in the plan, Compass Ion encourages the client, when necessary, to work closely with his or her attorney, accountant or other appropriate professional. Implementation of financial plan recommendations is entirely at the client's discretion.

Compass Ion also provides general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within three months of the beginning of the process, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **Investment Advisory Services**

Generally, Compass Ion provides financial planning and investment advisory services as part of an integrated service, it being a goal of Compass Ion to provide investment advisory services within the context of a full understanding of a client's overall financial situation. Compass Ion

provides investment advisory services to individual and family clients based on the individual mission, vision, values and goals of each family. Compass Ion uses a team-driven approach to design diversified, long-term portfolios to meet clients' personal investment goals and objectives. Compass Ion develops strategic and tactical asset allocations for clients. Compass Ion conducts interviews with clients to determine each client's risk profile and seek other personal information during such interviews to enable the Firm to construct an appropriate investment program.

Compass Ion provides investment advisory services to colleges, schools, other charitable organizations and for-profit businesses based on the entity's mission, vision, values and goals. The Firm conducts interviews of key officials at such entities to discover necessary information and develop a risk profile and a strategic asset allocation. Compass Ion uses a team-driven approach to design diversified, long-term-focused portfolios to meet the entity's investment goals and objectives, and in a manner designed to connect the entity's stated mission with the management of the investment portfolio.

Compass Ion manages investment advisory accounts on a discretionary basis or non-discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Compass Ion's investment recommendations are not limited to any specific product or service and generally will include mutual fund shares, structured notes and exchange traded funds or notes.

As part of the Firm's investment advisory services, Compass Ion monitors the performance of client portfolios against certain agreed upon benchmarks, assess the performance of securities, and report results to clients through periodic meetings, teleconferences, reports or web portals.

#### **Consulting Services to Retirement Plan Sponsors**

Compass Ion provides investment advisory services to plan sponsors of certain qualified retirement plans which meet the Internal Revenue Code requirements and the Employee Retirement Security Act of 1974 (ERISA), such as profit-sharing plans, 401(k) plans, 403(b) plans, and 457 plans. The Firm provides recommendations as to the appropriate, limited array of investment options to be chosen from the mutual funds available through the plan's third-party administrator investment platform. At the client's desires, Compass Ion also provides informational and educational services to plan participants through seminars, employee meetings, and other manners of communication to assist the participants in learning how to properly utilize the plan and the investment options therein. Compass Ion does not have custody, control, discretionary authority, responsibility for execution and does not take responsibility for valuation, recordkeeping, or proxy voting.

#### **Structured Note Buying Program**

Compass Ion designs and implements Structured Notes for its clients, working with Keel Point Capital LLC and the broker-dealer Advisors Asset Management, Inc. Structured notes are hybrid

securities that have components of both debt instruments and other underlying securities, such as equities, commodities, options, etc. Certain types of structured notes have the ability to enhance upside return while protecting a portion of downside risk. Compass Ion typically employs these investments for clients as a complement to traditional long-only equity strategies.

### **Sub-Advisors**

Compass Ion may subcontract some or all of its investment advisory services with other registered investment advisers (sub-advisors) and delegate all or a portion of advisory responsibilities to the sub-advisor. Sub-advisors are not affiliated or controlled by Compass Ion.

### **Tailored Relationships**

Compass Ion tailors investment advisory services to the individual needs of the client. Compass Ion clients are allowed to impose restrictions on the investments in their account. All limitations and restrictions placed on accounts must be presented to Compass Ion in writing. Clients will retain individual ownership of all securities.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, ("ERISA") and/or the Internal Revenue Code, ("IRC"), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client's objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;
- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;

- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

#### **Wrap Fee Programs**

Compass Ion does not sponsor or recommend Wrap Fee Programs.

#### **Assets Under Management**

As of December 31, 2023, Compass Ion manages \$1,089,630,152 in assets under management, of which \$1,004,357,6882 is managed on a discretionary basis and \$85,272,464 is managed on a non-discretionary basis.

## Item 5: Fees and Compensation

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### **Financial Planning**

Compass Ion's Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Compass Ion's Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$400 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, Compass Ion will provide an estimate for the total hours at the start of the advisory relationship. The client will be billed quarterly in arrears based on actual hours accrued.

Compass Ion's Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$2,000 to \$12,000, depending on the specific arrangement reached with the client.

Compass Ion may request a retainer upon completion of the initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Financial Planning Fee Offset:*** Compass Ion reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage Compass Ion for Compass Ion's Portfolio Management Services. The client will be billed quarterly in arrears based on actual hours accrued.

### **Investment Advisory**

Due to the nexus Compass Ion sees between financial planning and investment advisory work, Compass Ion prefers to work with clients for whom the Firm has an ongoing agreement to provide both financial planning and investment advisory services. Therefore, Compass Ion's ongoing investment advisory fees are designed to create enough revenue to pay for both services as one unified service. Compass Ion's annual fee for Investment Advisory Services and ongoing Financial Planning services are based on a percentage of assets under management and generally range from **0.50% to 1.35%**, payable quarterly in advance. There will be a minimum quarterly fee of \$500, or \$2,000 per year. If at any point the calculation of the investment advisory fee produces a figure that is below \$500, then the fee for that quarter will be \$500.

Clients may make additions to and withdrawals from their account at any time, subject to Compass Ion's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter the investment advisory fee payable with respect to the assets will be prorated based on the number of days remaining in the quarter. Clients may withdraw assets from their account by providing Compass Ion with advance notice. All



withdrawals are subject to customary securities settlement procedures.

***Limited Negotiability of Advisory Fees:*** While Compass Ion has established the aforementioned fee range, Compass Ion retains the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

Compass Ion may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Portfolio Management Services may be charged as a **fixed fee**, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Compass Ion's fixed fees range from **\$1,000 to \$20,000**. Fees are due and payable upon completion of the project.

#### **Retirement Plan Consulting**

Compass Ion's fees for providing services for consulting services to Retirement Plan Sponsors are based upon a percentage of assets under management and generally range from **0.50% to 1.00%**, payable quarterly in advance.

#### **Structured Notes**

If a client agrees to participate in Compass Ion's Structured Notes Buying Program, there is a one-time fee of up to **one percent (1.0%)** in addition to the investment advisory fee described above for any portion of the client's account that is invested in Structured Notes. This fee is shared with Keel Point Capital LLC and the broker-dealer Advisors Asset Management, Inc. For purposes of the fee calculation, Compass Ion values the Structured Notes at the initial investment amount of each Structured Note investment and this amount could be higher or lower than the actual value of the Note.

#### **Sub-Advisors**

In certain circumstances, Compass Ion may recommend the services of a sub-advisor, and a sub-advisory fee may be charged in addition to the investment management fee charged by the Firm.

#### **Potential Conflict of Interest**

Management personnel and other related persons of Compass Ion are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacities, these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission

being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients'.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

### **General Information**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, Compass Ion will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Compass Ion Advisors, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without Compass Ion's services. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and Compass Ion's fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to Compass Ion's advisory fees, clients are also

responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** Compass Ion is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation.

To avoid engaging in prohibited transactions, the Firm may only charge fees for investment advice about products for which Compass Ion and/or Compass Ion's related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which Compass Ion and/or Compass Ion's related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset the Firm's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

#### **Fees and Expenses (12b-1 fees)**

Some client accounts (invested in certain 529 Plans and in certain retirement plans) may hold shares of investment companies, including money market funds, closed-end funds, and/or exchange-traded funds (Funds). Those funds have their own expenses, including certain advisory, distribution or other fees, and a client account invested in those funds will indirectly bear a portion of those expenses. In these instances, Compass Ion's only form of compensation for managing these assets are payments pursuant to a Rule 12b-1 distribution plan. These payments may be paid from the fund's total assets or may be paid by a fund's adviser or distributor. The Rule 12b-1 distribution plan and other fee arrangements will be disclosed upon request and typically are disclosed in the applicable fund's prospectus.

Compass Ion uses its best efforts to purchase lower cost fund shares but in certain instances cannot because the fund company does not offer institutional class non 12b-1 fee paying funds or does not contractually offer them.

A conflict of interest exists as the Firm and its IARs may be motivated to sell funds that generate higher fees, including 12b-1 fees. The client should review the fees charged by the funds, the 12b-1 fees received by Compass Ion or its IARs and the fee charged by Compass Ion to understand that total fees.

#### **Fees and Expenses (Mutual Funds Share Class Selection)**

Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional

share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

Compass Ion and its IARs who are dually licensed as Registered Representatives have a financial incentive to recommend or select share classes that have a 12b-1 fee because such share classes generally result in higher compensation. The Firm has taken steps to minimize this conflict of interest, including not allowing IARs to receive 12b-1 compensation, other than as noted above for certain 529 Plans and certain retirement plans. Compass Ion also conducts periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of funds, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the fund sponsors and Compass Ion's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

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

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Compass Ion does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7: Types of Clients

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Compass Ion provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals),
- High net worth individuals,
- Pension and profit-sharing plans,
- Charitable organizations, and
- Trusts.

### **Account Minimums**

Compass Ion generally requires a minimum account under certain circumstances of \$500,000 for investment advisory clients, although this may be negotiable. Compass Ion may group certain related client accounts for the purposes of achieving the minimum account size. There will be a minimum quarterly fee of \$500, or \$2,000 per year. If at any point the calculation of the Management Fee produces a figure that is below \$500, then the fee for that quarter will be \$500.

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

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### **Methods of Analysis**

Compass Ion uses the following methods of analysis in formulating the Firm's investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, Compass Ion attempts to identify an appropriate asset allocation ratio appropriate to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the asset allocation ratio will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** Compass Ion looks at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

Compass Ion also looks at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. Compass Ion also monitors the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as Compass Ion does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Structured Notes.** Although an investment in Structured Notes is often aimed at reducing volatility in client portfolios, investing in Structured Notes involves a certain degree of risk. Principally, such risks are:

- The performance of the notes is related to the performance of the underlying indices (i.e., equities, commodities, etc.), so if the underlying index were to decline one hundred percent (100%), then the investment would result in the loss of the entire investment.
- The payment of any amount due at maturity is subject to the issuer's ability to pay its obligations when they become due.
- The notes are not listed on any securities exchange. There may be no market for selling



these notes before maturity. Neither the issuer nor the Firm is obligated to buy the notes. If the issuer does buy the note back before maturity, the fact that selling and structuring costs were included in the original purchase price will negatively impact the price to be paid by the issuer.

- The notes are not insured by any governmental agency.
- The notes typically do not pay interest or dividends.
- The issuer or its affiliates also perform other functions in connection with the issuance of the notes. In performing these duties, the economic interests of the issuer could potentially be adverse to the client.
- Certain notes are callable by the issuer, meaning that the issuer can choose to redeem the notes prior to maturity. In such a case, a client will not receive gains that arise after the note has been redeemed.
- The structure of certain notes limits the potential payment at maturity, regardless of the appreciation of the underlying index.

***Third-Party Money Manager Analysis.*** Compass Ion examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Compass Ion monitors the manager's underlying holdings, strategies, concentrations and leverage as part of the Firm's overall periodic risk assessment.

Additionally, as part of Compass Ion's due-diligence process, the Firm surveys the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as Compass Ion does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for the Firm's clients.

### **Alternative Investments (Crypto)**

The performance of alternative investments (Crypto) can be highly volatile and become illiquid at any time. Crypto is for investors with a high-risk tolerance and may be more susceptible to market manipulation than securities. An investor may lose all or a portion of their investment. Crypto is not insured by the Federal Deposit Insurance Corporation and does not benefit from the same regulatory protections applicable to registered securities. Clients should only have a portion of their assets in alternative investments.

### **Investment Strategies**

Compass Ion purchases securities with the idea of holding them in the client's account for a year or longer. Typically, Compass Ion employs this strategy when the Firm believes the securities to be currently undervalued, and/or the Firm wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, Compass Ion may not take advantage of short-term gains that could be profitable to a client. Moreover, if Compass Ion's predictions are incorrect, a security may decline sharply in value before the Firm makes the decision to sell.

Compass Ion occasionally uses long-term trading, short-term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

### **Risk of Loss**

You should be aware that investing in securities involves risk of loss that you should be prepared to bear.

Material risks associated with the methods of analysis and investment strategies used include actual company specific or market events that may contradict assumptions at the time a security was chosen, and/or a security's actual performance that may not follow trends previously identified in the analysis conducted. Any performance quoted represents past performance, is no guarantee of future results, and will not provide an adequate basis for evaluating the performance of the product over varying market conditions or economic cycles. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

All investment programs have certain risks that are borne by the investor. Compass Ion's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

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

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar

against the currency of the investment's originating country. This is also referred to as exchange rate risk.

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

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

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

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

**Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

## **Item 9: Disciplinary Information**

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Compass Ion is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management. Compass Ion has no information to disclose applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities**

Compass Ion is not registered as a broker-dealer. Neither Compass Ion nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Other Affiliations – Registered Representatives**

Management personnel of Compass Ion are separately licensed as registered representatives of Keel Point Capital LLC, an unaffiliated broker-dealer. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation. While Compass Ion and these individuals endeavor at all times to put the interest of the clients first as part of the Firm's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

### **Other Affiliations – Insurance**

Management personnel of Compass Ion, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### **Conflicts of Interest**

Clients should be aware that the receipt of additional compensation by Compass Ion and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. Compass Ion endeavors at all times to put the interest of its clients first as part of the Firm's fiduciary duty as a registered investment adviser; Compass Ion takes the following steps to address this conflict:

- Compass Ion discloses to clients the existence of all material conflicts of interest, including the potential for Compass Ion and Compass Ion's employees to earn compensation from advisory clients in addition to Compass Ion's advisory fees;
- Compass Ion discloses to clients that they are not obligated to purchase recommended investment products from Compass Ion's employees or affiliated companies;
- Compass Ion collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Compass Ion's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- Compass Ion requires that employees seek prior approval of any outside employment

activity so that Compass Ion may ensure that any conflicts of interests in such activities are properly addressed;

- Compass Ion periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Compass Ion; and
- Compass Ion educates employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### **Other Investment Advisors**

As described above in Items 4 and 5, Compass Ion may select other investment advisors for its clients and may share in compensation with those advisors.

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

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### **Code of Ethics**

Compass Ion employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes Compass Ion's high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Matthew D. Kane, President, Principal and Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of Compass Ion receive preferential treatment.

Compass Ion's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination. Clients and prospective clients can obtain a copy of Compass Ion's Code of Ethics by contacting Matthew D. Kane, President, Principal and Chief Compliance Officer, at (610) 228-2200 or [mkane@ionadv.com](mailto:mkane@ionadv.com).

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Compass Ion will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Compass Ion's clients. In addition, the Code requires pre-clearance of many transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics and designed to reasonably prevent conflicts of interest between Compass Ion and its clients.

### **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

Compass Ion may effect agency cross transactions for client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common

control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions are priced using an external broker/dealer and clients may be charged a nominal transaction charge, but no commissions. As a result, an agency cross transaction may result in a better price and/or lower transaction (including commission) costs for clients. Cross transactions will comply with the requirements associated with such transactions under the Investment Advisers Act of 1940, including the applicable disclosure and consent requirements.



## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

Compass Ion does not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See information below regarding other economic benefits.

### **Brokerage for Client Referrals**

Compass Ion does not receive client referrals from broker/dealers.

### **Client Directed Brokerage**

While not routine, the client may direct Compass Ion to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Compass Ion will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by the Firm. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to the Firm’s duty of best execution, Compass Ion may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests that Compass Ion arrange for the execution of securities brokerage transactions for the client’s account, the Firm shall direct such transactions through broker-dealers that the Firm reasonably believes will provide best execution. Compass Ion periodically and systematically reviews the Firm’s policies and procedures regarding recommending broker-dealers to our client in light of the Firm’s duty to obtain best execution.

### **Directed Brokerage (Schwab)**

Compass Ion generally recommends Charles Schwab & Co., Inc. (“Schwab”), a member FINRA/SIPC, an independent and unaffiliated broker-dealer. Schwab provides Compass Ion with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis and are not otherwise contingent upon Compass Ion’s commitment to Schwab for any specific amount of business (assets in custody or trading). Schwab’s services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For the Firm's client accounts maintained there, Schwab is compensated through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. The brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to Compass Ion's fees.

#### **Directed Brokerage – Other Economic Benefits (Schwab)**

Compass Ion may receive from Schwab, at no cost, professional services, computer software and related systems support, enabling the Firm to better monitor client accounts maintained at Schwab. Compass Ion may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at Schwab. The support provided may benefit the Firm, but not the Firm's clients directly. In fulfilling the Firm's duties to our clients, Compass Ion endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by Firm clients shall comply with our duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Compass Ion determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Compass Ion will seek competitive rates, the Firm may not necessarily obtain the lowest possible commission rates for client transactions.

Schwab also makes available to Compass Ion other products and services that benefit the Firm but may not directly benefit client accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Compass Ion in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from Compass Ion client accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

#### **Trade Aggregation**

Compass Ion may aggregate trades for multiple accounts. Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. If a partial execution is attained at the end of the trading day, Compass Ion will generally allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation. All clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Compass Ion's allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for Compass Ion or its employees may be included in a block trade with client accounts.

## Item 13: Review of Accounts

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Compass Ion's Investment Committee is comprised of James C. Baird, Chairman Founding Principal; Matthew D. Kane, President, Principal, and Chief Compliance Officer; and Joshua S. Manifold, Senior Vice President, and Head of the Investment Committee. The Investment Committee meets weekly to discuss the Firm's overall investment philosophy.

Compass Ion has retained Aptus Capital Advisors (Aptus) as a consultant for the Investment Committee. Aptus provides research, investment recommendations and ongoing monitoring of investments. Aptus has no discretion over client investment portfolios, does not have access to any non-public personal information about clients, and does not vote on the Investment Committee.

### **Financial Planning Services**

**Reviews:** For clients who are paying an ongoing fee based on a percentage of assets under management, financial planning reviews occur at regular stages depending on the nature and terms of the specific client need and the specific client engagement.

**Reports:** Financial planning clients will receive a completed financial plan. For clients paying an ongoing fee based on a percentage of assets under management, additional reports will typically be provided when financial planning reviews occur.

### **Investment Advisory Services**

**Reviews:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Compass Ion's compliance staff, and/or Compass Ion's advisor representatives, which include James C. Baird, Chairman and Founding Principal; Matthew D. Kane, President, Principal and Chief Compliance Officer; George J. Limbach, Senior Vice President and Principal; Joshua S. Manifold, Senior Vice President, Managing Member and Head of the Investment Committee; Richard Liburdi, Vice President; Daniel H. Soderberg, Vice President; Luke Porter, Financial Advisor; Glen E. Gangewer, Advisor; Evan Hewitt, Advisor; and Matthew McDaniel, Financial Planner.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, Compass Ion may provide quarterly reports summarizing account performance, balances and holdings.

## Item 14: Client Referrals and Other Compensation

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### **Other Compensation – Brokerage Arrangements**

See disclosure in Item 12 regarding compensation, including economic benefits received in connection with giving advice to clients.

### **Compensation – Client Referrals**

Affiliated and Unaffiliated persons or entities (“Promoters”) may occasionally refer, solicit, or introduce clients to our Firm. In return, we may agree to compensate the Promoter for the referral. This compensation will be made consistent with the requirements of the Investment Advisers Act of 1940 and applicable state/local laws and regulations. Compensation to the Promoter is dependent on the prospective client entering into an advisory agreement with us for advisory services. Compensation to the Promoter will be an agreed-upon percentage of our advisory fee which can be a one-time fee or recurring, pursuant to a written agreement retained by both our Firm and the Promoter.

## Item 15: Custody

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### **Custody – Fee Debiting**

Compass Ion previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the Firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

### **Custody – First Party Money Transfers**

Clients may provide Compass Ion with written ongoing authorization to wire money between the client's accounts held with the qualified custodian directly to an outside financial institution (i.e., a client's bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client's name and account number(s) at the outside financial institution(s) as required.

### **Custody - Access to Client Funds and/or Securities**

Compass Ion is deemed to have custody over certain client assets in the form of having login credentials for certain client accounts. We will not use login credentials for accounts at custodians which expressly prohibit us from doing so.

Compass Ion has developed stringent internal controls and procedures over this custody function. In addition, Compass Ion complies with the SEC's Custody Rule, which requires an annual surprise examination conducted by an independent accountant.

### **Custody – Check Signing/Bill Payments**

We are deemed to have custody over certain client assets as the Firm or a related person has check signing (i.e., authority to pay bills) authority over client accounts. This form of custody is offered on a limited basis. We comply with the SEC's Custody Rule with regard to the check signing authority; annually the Firm is subject to a Surprise Examination by an independent accountant.

### **Custody – Third Party Money Transfers**

Clients may provide us with a standing letter of authorization (or similar asset transfer authorization) which allows us to disburse funds on behalf of clients to third parties. We ensure the following conditions are in place when deemed to have custody via third party money movement:

- The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;

- The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
- Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
- The client may terminate or change the instruction to the custodian;
- We have no authority or ability to designate or change any information about the third party contained in the instruction;
- We maintain records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
- The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

#### **Custody – Trusteeship/Executor**

Compass Ion or a related person acts as trustee for client trusts or as executor for client estates. This form of custody is offered on a limited basis. Compass Ion complies with the SEC's Custody Rule with regard to the custody of the trust / estate assets; annually the Firm is subject to a Surprise Examination by an independent accountant.

#### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact Compass Ion directly if they believe that there may be an error in their statement.

## Item 16: Investment Discretion

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Clients may hire Compass Ion to provide discretionary asset management services, in which case Compass Ion places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Compass Ion's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give Compass Ion discretionary authority when they sign a discretionary agreement with the Firm and may limit this authority by giving Compass Ion written instructions. Clients may also change/amend such limitations by once again providing Compass Ion with written instructions.

If Compass Ion has not been given discretionary authority, Compass Ion consults with the client prior to each trade.



## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## **Item 18: Financial Information**

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Compass Ion has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

For a select number of clients Compass Ion requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, Compass Ion shall deliver a balance sheet to those clients annually.