

## Item 1: Cover Page

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

Dated: October 3, 2024

This Brochure provides information about the qualifications and business practices of Investment Consulting Services, LLC. If you have any questions about the contents of this Brochure, please contact us at the phone number listed on the cover page of this brochure. 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.

Investment Consulting Services, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

Additional information about Investment Consulting Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), which can be found using the firm's CRD number 122064.

## Item 2: Material Changes

The last annual update of this Brochure was filed on March 26, 2024. The following material changes have been made to this version of the Disclosure Brochure:

- On October 3, 2024, we completed an ADV Part 2A rewrite and have updated all sections of our brochure. Additionally, we have added services available to retail investors consisting of financial planning and investment management.

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## Item 4: Advisory Business

### **Description of Advisory Firm**

Investment Consulting Services, LLC is an Investment Adviser principally located in the state of Illinois. We are a limited liability company and began providing investment advisory services in August 2002. Eric Cervantes, Partner, and Jason Uthe, Partner and Chief Compliance Officer, are the principal owners of the firm.

As used in this brochure, the words "ICS", "we", "our firm", "Advisor" and "us" refer to Investment Consulting Services, LLC and the words "you", "your" and "Client" refer to you as either a client or prospective client of our firm.

### **Types of Advisory Services**

#### **Financial Planning Services**

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

In general, the financial plan will address some or all of the following areas of concern. The Client and ICS will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to children and grandchildren (if appropriate).

- **Financial Goals:** We will help Clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.

- **Investment Analysis:** This may involve developing an asset allocation strategy to meet Clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with the consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will

participate in meetings or phone calls between you and your tax professional with your approval.

Financial Planning Services are offered as an Ongoing engagement. This service involves working one-on-one with a financial planner (“planner”) over an extended period of time. Through this ongoing arrangement, Clients are expected to collaborate with the planner to develop and assist in the implementation of their financial plan (the “plan”). The planner will monitor the plan, recommend any appropriate changes and ensure the plan is up-to-date as the Client’s situation, goals, and objectives evolve.

Upon engaging the firm for financial planning, ICS is responsible for obtaining and analyzing all necessary qualitative and quantitative information from the Client that is essential to understanding the Client’s personal and financial circumstances; helping the Client identify, select, and prioritize certain financial goals while understanding the effect that pursuing one goal may have on other potential goals; assessing the Client’s current course of action and alternative courses of action to identify required changes that provide the best opportunity for the client to meet their financial goals; developing & presenting financial planning recommendations based on the aforementioned actions while including all information that was required to be considered in preparing the recommendations; and ongoing monitoring of the Client’s progress toward the goals and objectives that the recommendations are based around. These components all require in-depth communication with the Client in order for the planner to establish a financial plan and implementation strategy that provides the Client with the most appropriate options in pursuing their established goals and objectives.

## **Investment Management Services**

Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client’s particular circumstances are established, we develop a Client’s personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client’s prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, or growth, and income), as well as risk tolerance and tax considerations.

We primarily advise our Clients regarding investments in stocks, bonds, mutual funds, ETFs, U.S. government and municipal securities, and cash and cash equivalents. We may also provide advice regarding investments held in Client’s portfolio at the inception of our advisory relationship and/or other investment types not listed above, at the Client’s request.

When we provide investment management services, Clients grant us limited authority to buy and sell securities on a discretionary basis. More information on our trading authority is explained in Item 16 of this Brochure. Clients may impose reasonable restrictions in writing on investing in certain securities, types of securities, or industry sectors.

## **Wealth Management Services**

Wealth Management encompasses investment management services and financial planning. Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We will also review and discuss a Client's prior investment history, as well as family composition and background. Account supervision is guided by the stated objectives of the Client (e.g., maximum capital appreciation, growth, income, or growth and income), as well as risk tolerance and tax considerations.

We primarily advise our Clients regarding investments in stocks, bonds, mutual funds, ETFs, U.S. government and municipal securities, and cash and cash equivalents. We may also provide advice regarding investments held in Client's portfolio at the inception of our advisory relationship and/or other investment types not listed above, at the Client's request.

When we provide investment management services, Clients grant us limited authority to buy and sell securities on a discretionary basis. More information on our trading authority is explained in Item 16 of this Brochure. Clients may impose reasonable restrictions in writing on investing in certain securities, types of securities, or industry sectors.

At the Client's election, ICS will also provide the Client with a financial plan at no additional charge. A Client will be taken through establishing their goals and values around money. Clients will be required to provide pertinent information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefits, retirement planning, insurance, investments, college planning, and estate planning. Once the Client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the Client. Clients will receive a detailed financial plan designed to help achieve Client's stated financial goals and objectives. The plan and the Client's financial situation and goals will be monitored throughout the year.

## Retirement Plan Services

Currently, ICS offers the following retirement plan consulting and fiduciary services to employer sponsored and other qualified plans, their sponsors, and other named fiduciaries. Services are offered on an ongoing or per-project basis.

### Consulting Services

Retirement Plan Consulting Services are designed to allow our Associated Persons to assist the Sponsor in meeting their fiduciary duties to monitor the investments of the plan in the best interests of plan participants and their beneficiaries. Retirement Plan Consulting Services may only be performed so that they would be considered fiduciary services under ERISA. The Sponsor may elect for our investment adviser representatives to assist with any of the following services:

#### *Investment Monitoring Support*

- Assist fiduciaries with a process to select, monitor, and replace service providers
- Assist fiduciaries with reviewing Covered Service Providers ("CSP") and fee benchmarking
- Provide reports and/or information designed to assist fiduciaries with monitoring CSPs
- Assist with the use of ERISA Spending Accounts or Plan Expense Recapture Accounts to pay CSPs
- Assist with the preparation and review of Requests for Proposals and/or Information
- Coordinate and assist with CSP replacement and conversion

#### Participant Services

- Facilitate group enrollment meetings and coordinate investment education

### Non-discretionary Fiduciary Services

These services are designed to allow the Sponsor to retain full discretionary authority or control over the assets of the Plan. We will solely be making recommendations to the Sponsor. We will perform these non-discretionary investment advisory services through our Associated Persons and may charge a fee for these fiduciary services, as described in this Form ADV and the Agreement. We will perform these investment advisory services to the Plan as a fiduciary defined under ERISA Section 3(21) and we will act with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances. The Sponsor may engage us to perform one or more of the following non-discretionary investment advisory services:

- *Investment Policy Statement ("IPS")*: We will review with the Sponsor the investment objectives, risk tolerance, and goals of the Plan. If the Plan does not have an IPS, we will provide recommendations to the Sponsor to assist with establishing an IPS. If the Plan has an existing IPS, we will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan, we will recommend to the Sponsor revisions to align the IPS with the Plan's objectives.



When engaged to do so, we will also review with the Sponsor the funding requirements and cash flow needs of the Plan and will develop for approval by the Sponsor an IPS, which contains criteria from which we will select, monitor, and replace the Plan's investments. We will conduct a periodic review of the IPS with the Sponsor. The sponsor will authorize us to collect information from the Plan's recordkeeper and actuary (if applicable), which is necessary to perform the IPS review, including, but not limited to, the Plan's interest crediting rate (if applicable) and changes in the Sponsor's employee demographics which may impact the Plan's IPS.

- *Advice Regarding Designated Investment Alternatives ("DIAs"):* Based on the Plan's IPS or other guidelines established by the Plan, we will review the investment options available to the Plan and will make recommendations to assist the Sponsor with selecting DIAs to be offered to Plan participants. Once the Sponsor selects the DIAs, we will, on a periodic basis and/or upon reasonable request, provide reports and information to assist the Sponsor with monitoring the DIAs. If a DIA is required to be removed, we will provide recommendations to assist the Sponsor with replacing the DIA.

- *Advice Regarding Model Asset Allocation Portfolios ("MODELS"):* Based on the Plan's IPS or other guidelines established by the Plan, we will make recommendations to assist the Sponsor with creating risk-based Models comprised solely among the Plan's DIAs. Once the Sponsor approves the Models, the Advisor will provide reports, information, and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the Models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, we will make recommendations to the Sponsor to reallocate and/or rebalance the Models to maintain their desired allocations.

- *Advice Regarding Third-Party Advisors and/or Managers:* Based on the Plan's IPS or other investment guidelines established by the Plan, we will review the third-party advisor's Form ADV Part 2A Brochure Page 6 investment managers available to the Plan and will make recommendations to assist the Sponsor with selecting a third-party advisor or investment manager to manage some or all of the Plan's investments. Once the Sponsor approves the recommendation, we will provide reports, information, and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the advisor/manager. If the IPS criteria require any manager to be removed, we will provide recommendations to assist the Sponsor with evaluating replacements.

- *Advice Regarding Qualified Default Investment Alternatives ("QDIAS"):* Based on the Plan's IPS or other guidelines established by the Plan, we will review the investment options available to the Plan and will make recommendations to assist the Sponsor with selecting or replacing the Plan's QDIA(s).

- *Advice Regarding Investment of Trust Fund:* Based on the Plan's IPS or other investment guidelines established by the Plan, we will review the investment options available to the Plan and recommend to the Sponsor investments for the Plan. We will provide reports,

information, and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the Plan's investments. If the IPS criteria require any investment(s) to be removed, we will recommend to the Sponsor replacement investment(s).

#### Discretionary Fiduciary Services

Where engaged by the Sponsor, we will perform discretionary investment advisory services through our Associated Persons and may charge a fee for these fiduciary services, as described in this Form ADV and the Agreement. We will perform these investment advisory services to the Plan as a fiduciary defined under ERISA Section 3(38) and we will act with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances. The Sponsor may engage us to perform one or more of the following discretionary investment advisory services:

- *Investment Policy Statement ("IPS"):* We will review with the Sponsor the investment objectives, funding requirements, cash flow needs, and goals of the Plan and will develop for approval by the Sponsor an IPS, which contains criteria from which we will select, monitor, and replace the Plan's investments. We will conduct a periodic review of the IPS with the Sponsor. The sponsor will authorize us to collect information from the Plan's recordkeeper and actuary (if applicable), which is necessary to perform the IPS review, including, but not limited to, the Plan's interest crediting rate (if applicable) and changes in the Sponsor's employee demographics which may impact the Plan's IPS.

The sponsor will notify us in writing of any modifications it may make to the IPS as well as any specific investment restrictions applicable thereto. The sponsor shall also inform us in writing of any changes in the funding policy and status applicable with respect to the Plan, including its cash disbursement requirements.

- *Management of Trust Fund:* Based on the Plan's IPS or other investment guidelines established by the Plan, we will review the investment options available to the Plan and select investments for the Plan on a discretionary basis. We will provide reports, information, and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring us in our capacity as an "investment manager" as that term is defined under Sec. 3(38) of ERISA. If the IPS criteria require any investment(s) to be removed, we will replace the investment(s) on a discretionary basis.

- *Selection and Replacement of Third-Party Advisors and/or Managers:* Based on the Plan's IPS or other investment guidelines established by the Plan, we will review the third-party investment advisors/managers available to the Plan and select a third-party investment advisor/manager to manage some or all of the Plan's investments. We will provide reports, information, and recommendations, on a periodic basis, designed to assist the Sponsor with monitoring the advisor/manager. If the IPS criteria require any advisor/manager to be removed, we will replace the advisor/manager.

- *Selection, Monitoring & Replacement of DIAs:* We will review with the Sponsor the investment objectives, risk tolerance, and goals of the Plan and provide the Sponsor with an IPS that

contains criteria from which we will select, monitor, and replace the Plan's DIAs. Once approved by the Sponsor, we will review the investment options available to the Plan and will select the Plan's DIAs in accordance with the criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the DIAs and replace any DIA(s) that no longer meet the IPS criteria.

- *Selection, Monitoring & Replacement of QDIA(s):* Based on the options available to the Plan, we will select, monitor, and replace the Plan's QDIA(s) in accordance with the IPS. We will not, however, be the "QDIA Manager" as that term is defined under ERISA.

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

We tailor the delivery of our services to meet the individual needs of our Clients. We consult with Clients initially and on an ongoing basis, through the duration of their engagement with us, to determine risk tolerance, time horizon and other factors that may impact the Clients' investment and/or planning needs.

Clients are able to specify, within reason, any restrictions they would like to place as it pertains to individual securities and/or sectors that will be traded in their account. All such requests must be provided to ICS in writing. ICS will notify Clients if they are unable to accommodate any requests.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Assets Under Management**

As of March 26, 2024, ICS has \$0 in discretionary assets under management and \$410,000,000 of assets under advisement.

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

Please note, unless a Client has received this brochure at least 48 hours prior to signing an Advisory Contract, the Advisory Contract may be terminated by the Client within five (5) business days of signing the Advisory Contract without penalty or incurring any fees.

How we are paid depends on the type of advisory services we perform. Below is a brief description of our fees, however, you should review your executed Advisory Contract for more detailed information regarding the exact fees you will be paying. No increase to the agreed-upon advisory

fees outlined in the Advisory Contract shall occur without prior Client consent. Please note, lower fees for comparable services may be available from other sources.

### **Ongoing Financial Planning**

We charge a recurring fixed fee for Ongoing Financial Planning. Fees are paid monthly or quarterly either in advance or arrears, not to exceed a maximum annual advisory fee of \$25,000. The fee range is dependent upon variables including the specific needs of the Client, complexity, estimated time, research, and resources required to provide services to you, among other factors we deem relevant. Fees are negotiable and the final agreed upon fee will be outlined in your Advisory Contract. At no time do we require prepayment of \$1,200 or more six months or more in advance of rendering the services.

### **Investment Management Services**

The fee for investment management services is based on a percentage of assets under management. The annualized fee for services will not exceed a total of 2.00%. The fee is negotiable and will be clearly listed in the Client agreement signed by our firm and the Client. The annual advisory fee is paid monthly or quarterly either in advance or arrears based on the value of the Client's account(s) as of the first or last day of the billing period.

In determining the advisory fee, we may allow accounts of members of the same household to be aggregated. ICS relies on the valuation as provided by Client's custodian in determining assets under management. Our advisory fee is prorated for any partial billing periods occurring during the engagement, including the initial and terminating billing periods.

### **Wealth Management Services**

The fee for wealth management services is based on a percentage of assets under management. The annualized fee for services will not exceed a total of 2.00%. The fee is negotiable and will be clearly listed in the Client agreement signed by our firm and the Client. The annual advisory fee is paid monthly or quarterly either in advance or arrears based on the value of the Client's account(s) as of the first or last day of the billing period.

In determining the advisory fee, we may allow accounts of members of the same household to be aggregated. ICS relies on the valuation as provided by Client's custodian in determining assets under management. Our advisory fee is prorated for any partial billing periods occurring during the engagement, including the initial and terminating billing periods.

## **Retirement Plan Services**

Fees for Retirement Plan Services are negotiable depending on individual plan needs and circumstances including, but not limited to, the plan size, the scope of the services, and the number of participants, among more. This does not include fees to other parties, such as record keepers, custodians, or third-party administrators. ICS relies on the valuation as provided by Client's custodian in determining assets under management. Our advisory fee is prorated for any partial billing periods occurring during the engagement, including the initial and terminating billing periods.

Our maximum fixed fee is \$200,000 annually. For fees that are based on a percentage of plan assets under management, we charge a maximum of 0.50%. The agreed upon fees will be clearly set forth in the agreement signed between us and the Client. Comparable services may be available from other advisers for higher or lower fees.

Fees are payable monthly or quarterly in arrears or in advance depending on the negotiated terms of the agreement signed between us and the client. One-time, project-based fees are based on a fixed fee and are due upon completion as invoiced.

## **Fee Payment**

For Financial Planning services, fees are paid by electronic funds transfer (EFT) or check.

For Investment Management services, we deduct our advisory fee from one or more account(s) held at an unaffiliated third-party custodian, as directed by the Client. Please refer to Item 15 of this Brochure regarding our policy on direct fee deduction. Clients may also pay by electronic funds transfer (EFT) or check.

For Retirement Plan services, fees are either paid directly by the plan sponsor or deducted directly from the plan assets by the custodian. Please refer to Item 15 of this Brochure regarding our policy on direct fee deduction. Clients may also pay by electronic funds transfer (EFT) or check

## **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees,

and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending custodians for Client's transactions and determining the reasonableness of their compensation (e.g., commissions).

Clients may incur fees from third-party professionals such as accountants and attorneys that ICS may recommend, upon Client request. Such fees are separate and distinct from ICS's advisory fees.

### **Terminations and Refunds**

For Investment Management services and Retirement Plan services, the Advisory Contract may be terminated with written notice 30 calendar days in advance. Upon termination of the Advisory Contract, a prorated refund will be provided to the Client if fees were paid in advance. If fees are paid in arrears, no refund will be needed upon termination of the Advisory Contract. Clients will be responsible for payment of fees up to the date of termination.

For Ongoing Financial Planning services, the Advisory Contract may be terminated with written notice 30 calendar days in advance. In the event of early termination prior to the initial plan being delivered, fees will be prorated based upon the percentage of the work done up to the date of termination and any unearned fees will be refunded to the Client. Upon termination, the fee will be prorated based upon the number of days in the billing period and refunded to the Client if paid in advance. If fees are paid in arrears, no refund will be needed upon termination of the Advisory Contract. Clients will be responsible for payment of fees up to the date of termination.

### **Sale of Securities or Other Investment Products**

Advisor and its supervised persons do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

We do not offer performance-based fees and do not engage in side-by-side management.

## **Item 7: Types of Clients**

We provide financial planning and investment management services to individuals and high net-worth individuals. We provide retirement plan services to pension and profit sharing plans

including participant-directed defined contribution plans and defined benefits plans. Plans may or may not be subject to ERISA.

Our minimum account size requirement is \$500,000 to open or maintain an account under our management. ICS may reduce or waive the minimum account size requirement on a case-by-case basis.

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

Below is a brief description of our methods of analysis and primary investment strategies.

### **Methods of Analysis**

**Cyclical analysis** is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Charting analysis** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Charts may not accurately predict future price movements. Current prices of securities may not reflect all information about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

### **Modern Portfolio Theory (MPT)**

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related and an increase in risk requires an increased expected return.
- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.
- The design of the portfolio as a whole is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far

more influence on long-term portfolio performance than the selection of individual securities.

- Investing for the long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Increasing diversification of the portfolio with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.

**Mutual Fund and/or ETF Analysis:** We look 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. We also look 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 other funds in the Client's portfolio. In addition, we monitor 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 we do 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 fund or ETF less suitable for the Client's portfolio.

**Collective Investment Trust (CIT) Analysis:** CITs are intuitional investment vehicles for qualified retirement plans and are composed of pooled assets intended for a specific investment strategy. Risks associated with CITs include limited registration and reporting requirements and retirement plan fees that may be in excess of similar fees offered by other investment strategies

## **Investment Strategies**

### **Asset Allocation**

In implementing our Clients' investment strategy, we begin by attempting to identify an appropriate ratio of equities, fixed income, and cash (i.e. "asset allocation") suitable 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 ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be



appropriate for the Client's goals. We attempt to closely monitor our asset allocation models and make changes periodically to keep in line with the target risk tolerance model.

### **Passive Investment Management**

Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange-traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark.

### **Passive and Active Investment Management**

We may choose investment vehicles that are considered passive, active, or a combination of both styles.

Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio.

Active investing involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Actively managed funds are also designed to reduce volatility and risk.

We may engage in both passive and active investing in a Client's portfolio. However, we strive to construct portfolios of funds and individual securities that we believe will have the greatest probability for achieving our Clients' personal financial goals with the least amount of volatility and risk rather than attempt to outperform an arbitrary index or benchmark.

Specific investment selections are based on a number of factors that we evaluate in order to select, what we believe to be, the highest quality funds or individual securities for our Clients. These factors include but are not limited to underlying holdings of funds, percentage weighting of holdings within

funds, liquidity, tax efficiency, bid/ask spreads, and other smart/strategic beta factors. These factors may or may not result in the lowest cost ETFs and mutual funds available when utilizing funds in a Client's portfolio, but we strive to keep internal fund expenses as low as possible.

### **General Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities, and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the Client's portfolio.

**Turnover Risk:** Actively managed mutual funds tend to have a higher turnover rate than passive funds. A high portfolio turnover would result in higher transaction costs and in higher taxes when shares are held in a taxable account. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions, we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

**MPT Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

### **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on factors such as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above (premium) or below (discount) their net asset value and an ETF purchased at a premium may ultimately be sold at a discount; (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Mutual Funds** When a Client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, many of which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

## Item 9: Disciplinary Information

### **Criminal or Civil Actions**

Neither ICS nor its management persons have been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

Neither ICS nor its management persons have been involved in any administrative enforcement proceedings.

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

Neither ICS nor its management persons have been involved in any self-regulatory organization (SRO) proceedings.

## Item 10: Other Financial Industry Activities and Affiliations

### **Broker-Dealer Affiliation**

Neither ICS nor its management persons is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **Other Affiliations**

Neither ICS nor its management persons is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### **Related Persons**

Neither ICS nor its management persons have any relationship or arrangement with any outside financial industry related parties.

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

As a fiduciary, our firm has a duty of utmost good faith to act solely in the best interests of each Client. Our Clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.

### **Code of Ethics Description**

This Code of Ethics does not attempt to identify all possible conflicts of interest, and compliance with each of its specific provisions will not shield our firm or its access persons from liability for misconduct that violates a fiduciary duty to our Clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Access persons shall offer and provide professional services with integrity.
- Objectivity - Access persons shall be objective in providing professional services to Clients.
- Competence - Access persons shall provide services to Clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Access persons shall perform professional services in a manner that is fair and reasonable to Clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Access persons shall not disclose confidential Client information without the specific consent of the Client unless in response to proper legal process, or as required by law.
- Professionalism - Access persons conduct in all matters shall reflect the credit of the profession.
- Diligence - Access persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

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

Neither our firm, its access persons, or any related person is authorized to recommend to a Client or effect a transaction for a Client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, principal transaction, among others.

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

Our firm, its access persons, and its related persons may buy or sell securities similar to, or different from, those we recommend to Clients. In an effort to reduce or eliminate certain conflicts of interest, our Code of Ethics may require that we restrict or prohibit access persons' transactions in specific reportable securities. Any exceptions or trading pre-clearance must be approved by ICS's Chief Compliance Officer in advance of the transaction in an account. ICS maintains a copy of access persons' personal securities transactions as required.

### **Trading Securities At/Around the Same Time as Client's Securities**

From time to time our firm, its access persons, or its related persons may buy or sell securities for themselves at or around the same time as they buy or sell securities for Clients' account(s). To address this conflict, it is our policy that neither our firm or access persons shall have priority over Clients' accounts in the purchase or sale of securities.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Custodians**

ICS does not have any affiliation with any custodian we recommend. Specific custodian recommendations are made to the Client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

In recommending custodians, we have an obligation to seek the "best execution" of transactions in Client accounts. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the custodian's services. The factors we consider when evaluating a custodian for best execution include, without limitation, the custodian's:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, security and stability;
- Prior service to us and our clients.

With this in consideration, our firm recommends Charles Schwab & Co., Inc. ("Schwab"), an independent and unaffiliated SEC registered broker-dealer firm and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

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

ICS does not have any soft-dollar arrangements with custodians whereby soft-dollar credits, used to purchase products and services, are earned directly in proportion to the amount of commissions paid by a Client. However, as a result of being on their institutional platform, Schwab may provide us with certain services and products that may benefit us. All such soft-dollar benefits are consistent with the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide our Clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. Schwab 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. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The benefits received by Advisor or its personnel do not depend on the number of brokerage transactions directed to Schwab. As part of its fiduciary duties to Clients, Advisor at all times must put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Schwab for custody and brokerage services. This conflict of interest is mitigated as Advisor regularly reviews the factors used to select custodians to ensure our recommendation is appropriate. Following is a more detailed description of Schwab's support services:

1. **Services that benefit you.** Schwab'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 Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account.
2. **Services that may not directly benefit you.** Schwab 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 Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab 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
  - assist with back-office functions, recordkeeping, and Client reporting
3. **Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs
  - Publications and conferences on practice management and business succession
4. **Your brokerage and custody costs.** For our Clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees.

### **Brokerage for Client Referrals**

We receive no referrals from a custodian, broker-dealer or third party in exchange for using that custodian, broker-dealer or third party.



### **Clients Directing Which Broker/Dealer/Custodian to Use**

Our firm recommends Clients establish account(s) at Schwab to execute transactions through. We will assist with establishing your account(s) at Schwab, however, we will not have the authority to open accounts on the Client's behalf. Not all investment advisers require their Clients to use their recommended custodian. By recommending that Clients use Schwab, we may be unable to achieve most favorable execution of Client transactions, and this practice may cost Clients more money. We base our recommendations on the factors disclosed in Item 12 herein and will only recommend custodians if we believe it's in the best interest of the Client.

If Clients do not wish to utilize our recommended custodian, we permit Clients to direct brokerage. We will be added to your account through a limited trading authority. However, due to restraints from not having access to an institutional platform, we are unable to achieve most favorable execution of Client transactions. Clients directing brokerage may cost Clients more money. For example, in a directed brokerage account, the Client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or the Client may receive a higher transaction price at their selected custodian versus our recommended custodian

### **Aggregating (Block) Trading for Multiple Client Accounts**

Aggregating orders, batch trading, or block trading is a process where trades for the same securities are purchased or sold for several clients at approximately the same time. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

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

### **Periodic Reviews**

Associated Persons of ICS will work with Clients to obtain current information regarding their assets and investment holdings and will review this information as part of our financial planning services. ICS does not provide specific reports to Clients, other than financial plans. Clients who engage us for investment management services will have their account(s) reviewed regularly on a quarterly basis by an investment adviser representative of the firm. The account(s) are reviewed with regards to the Client's investment objectives and risk tolerance levels.

### **Triggers of Reviews**

Events that may trigger a special review would be unusual performance, addition or deletions of Client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per Client's needs.

### **Review Reports**

Clients will receive trade confirmations from the custodian(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

ICS does not provide written performance or holdings reports to Investment Management Clients outside of what is provided directly by their custodian.

## Item 14: Client Referrals and Other Compensation

### **Compensation Received by Investment Consulting Services, LLC**

ICS is a fee-only firm that is compensated solely by its Clients. ICS does not receive commissions or other sales-related compensation. Except as mentioned in Item 12 above, we do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our Clients.

### **Client Referrals from Solicitors**

ICS does not, directly or indirectly, compensate any person who is not advisory personnel for Client referrals.

## Item 15: Custody

ICS does not hold, directly or indirectly, Client funds or securities, or have any authority to obtain possession of them. All Client assets are held at a qualified custodian.

If ICS deducts its advisory fee from Client's account(s), the following safeguards will be applied:

1. The Client will provide written authorization to ICS, permitting us to be paid directly from Client's accounts held by the custodian.
2. The custodian will send at least quarterly statements to the Client showing all disbursements from the accounts, including the amount of the advisory fee.

In jurisdictions where required, ICS will send an itemized invoice to the Client at the same time it instructs the custodian to debit the advisory fee. Itemization includes the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

We urge you to carefully review custodial statements and compare them to the account invoices or reports that we may provide to you and notify us of any discrepancies. Clients are responsible for verifying the accuracy of these fees as listed on the custodian's brokerage statement as the custodian does not assume this responsibility. Our invoices or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ICS can establish a Standing Letter of Authorization or other similar asset transfer authorization arrangements ("SLOA") with qualified custodians in order for us to disburse funds to accounts as specifically designated by the Client. With a SLOA a Client can typically authorize first-party and/or third-party transfers. If transfers are third-party, ICS complies with each of the requirements and conditions enumerated below:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes ICS, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization, and provides a transfer of funds notice to the Client promptly after each transfer.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. ICS has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. ICS maintains records showing that the third party is not a related party of ICS or located at the same address as ICS.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

For those Client accounts where we provide Investment Management Services, ICS has discretionary authority and limited power of attorney to determine the securities and the amount of securities to be bought or sold for a Client's account without having to obtain prior Client approval for each transaction. Investment discretion is explained to Clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the Client will execute a Limited Power of Attorney, which will grant our firm discretion over the account(s). Additionally, the discretionary relationship will be outlined in the Advisory Contract and signed by the Client. Clients may limit our discretion by requesting certain restrictions on investments. However, approval of such requests are at the firm's sole discretion.

## Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the Client has any questions on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our Clients, nor have we been the subject of any bankruptcy proceeding. We do not have custody of Client funds or securities, except as disclosed in Item 15 above, or require or solicit prepayment of more than \$1,200 in fees six months or more in advance.