

## INTENTIONAL WEALTH STRATEGIES

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Long Carroll Wealth, LLC dba Intentional Wealth Strategies (hereinafter “IWS” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, IWS is required to discuss any material changes that have been made to the brochure since the last annual amendment.

The Firm updated Item 2 to disclose that the Firm is now owned by Surf2Springs, Inc. and Lehmann, Inc.

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## Item 4. Advisory Business

IWS offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to IWS rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with IWS setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

IWS filed for registration as an investment adviser in August 2023. IWS is principally owned by Christopher Long and Richard Carroll. The principals each own their membership interest through their individually owned corporations: Christopher Long through Surf2Springs, Inc.; and Richard Carroll through Lehmann, Inc. As of December 20, 2023 the firm had \$122,764,504, of which \$122,166,301 was managed on a discretionary basis and \$598,203 was managed on a non-discretionary basis.

While this brochure generally describes the business of IWS, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on IWS’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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IWS offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Insurance Planning
- Retirement Planning
- Tax Analysis
- Education Planning

These services are only rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, IWS is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. IWS recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage IWS or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by IWS under a financial planning or consulting engagement. Clients are advised that it remains their

responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising IWS's recommendations and/or services.

### **Wealth Management Services**

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IWS provides clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary and/or non-discretionary management of investment portfolios.

IWS primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, independent investment managers ("Independent Managers") and occasionally privately placed securities (including debt, equity and/or interests in pooled investment vehicles) and in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage IWS to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, IWS directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

IWS tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. IWS consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify IWS if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if IWS determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

The Firm serves as the sponsor or manager of a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm). In addition, the Firm principally provides investment management services through accounts available through wrap fee programs offered and administered by Raymond James & Associates, Inc. ("Raymond James"), member NYSE/SIPC, or another of its affiliates. The wrap fees for participation in such programs include many transaction costs associated with execution of securities transactions. For more information relating to the wrap programs offered by Raymond James, please refer to Raymond James' wrap fee disclosure brochure (the "Wrap Brochure"), which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Raymond James programs require

clients to sign separate agreements depending on the program. IWS will be named as the investment adviser (either directly or through its investment adviser representatives) in such agreements.

The Firm expects to provide much of its investment management services through the Raymond James Ambassador Program. The Ambassador Program utilizes a wrap fee advisory account, offered and administered by Raymond James, in which the client is provided with ongoing investment advice and monitoring of securities holdings by the Firm. The Firm provides discretionary or non-discretionary management of the Ambassador Account according to the client's objectives. The Ambassador Account offers Clients the ability to pay an Asset-based Fee in lieu of a commission for each investment. For assets outside of the Ambassador Program, clients may (depending on the other relationship) pay additional brokerage expenses as further described below.

### **Sponsor and Manager of Wrap Program**

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IWS provides substantially all investment management services as the sponsor and manager of the Long Carroll Wealth Wrap Program (the "Wrap Program"), a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done in substantially the same manner as those managed under a non-wrap arrangement. Participants in the Wrap Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Wrap Program is available in IWS's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV (the "Wrap Brochure").

### **Retirement Plan Consulting Services**

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IWS offers advisory services to participant-directed defined contribution plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA) ("ERISA Plan Clients"), such as 401(k) plans. Each ERISA Plan Client is required to enter into an agreement (the "ERISA Client Agreement") describing the services that IWS will perform for the ERISA plan and its participants. IWS provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients.

**ERISA Fiduciary Services:** IWS provides ERISA fiduciary services to ERISA Plan Clients either as a discretionary investment manager or a non-discretionary investment adviser.

**Investment Management Services:** IWS provides investment management services to ERISA Plan Clients on a discretionary basis as an investment manager under ERISA § 3(38) and in that capacity, IWS's investment decisions are made in its sole discretion without the ERISA Plan Client's prior approval. IWS's investment management services include developing and implementing an investment policy statement, selecting a broad range of investment options consistent with ERISA § 404(c), making decisions about the selection, retention, removal and/or replacement of investment options and if the ERISA Plan Client has determined that the Plan should have a qualified default investment alternative (a "QDIA") for participants

who fail to make an investment election, selecting the investment that will serve as a QDIA. IWS may also provide participant-level investment advisory services.

**Investment Advisory Services:** IWS also provides investment advisory services on a non-discretionary basis to ERISA Plan Clients and in that capacity, the ERISA Plan Client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of IWS' recommendations or advice. IWS's non-discretionary investment advisory services include assisting the ERISA Plan Client in developing and implementing an investment policy statement, assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA § 404(c), assisting the ERISA Plan Client in making decisions about the selection, retention, removal and/or replacement of investment options, and if the ERISA Client has determined that the Plan should have a QDIA for participants who fail to make an investment election, assisting in the selection of the investment that will serve as a QDIA. IWS may also provide participant-level investment advisory services.

**Non-Fiduciary Services:** IWS's non-fiduciary services to ERISA Plan Clients include educating the ERISA Plan Client as to its fiduciary responsibilities and assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors. IWS' non-fiduciary services also include assisting in group enrollment meetings and educating plan participants about general investment principles and the investment alternatives under the plan.

For a more detailed description of IWS' ERISA fiduciary and non-fiduciary services, the ERISA Plan Client should refer to the ERISA Client Agreement.

### **Rollovers**

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A conflict of interest arises when IWS makes recommendations to IRA owners and participants in retirement plans, including ERISA Plan participants, about retirement plan distributions and rollovers to IRAs, IRA to IRA transfers, IRA to plan rollovers, plan to plan rollovers and transfers from one retirement account to another, such as a commission-based to a fee-based account (each, a "rollover recommendation") if it results in IWS receiving compensation that it would not have received absent the recommendation, for example, fees for advising or managing a rollover IRA. IWS will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client. No client is under an obligation to roll over plan or IRA assets to an account advised or managed by IWS. When IWS makes a rollover recommendation, it is fiduciary advice under the Investment Advisers Act of 1940 (the "Advisers Act"). Also, when IWS provides investment advice to a plan participant about his/her retirement plan account or to an IRA owner about his/her IRA, including a rollover recommendation, IWS is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code (the "Code"), as applicable, which are laws governing retirement accounts. In addition to being a conflict of interest, it is also a prohibited transaction under ERISA and/or the Code where IWS receives compensation as a result of the rollover that it would not have received absent the

recommendation. In that circumstance, IWS will comply with the conditions of exceptions to the prohibited transaction rules (e.g., an applicable prohibited transaction exemption such as PTE 2020-02 or non-enforcement policy).

### **Use of Independent Managers**

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As mentioned above, IWS selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between the Firm and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

IWS evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. IWS also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

IWS continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. IWS seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Item 5. Fees and Compensation**

IWS offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement. For investment management fees associated with participation in the Wrap Program, please see the Wrap Brochure.

### **Wealth Management Fees**

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IWS offers its wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies in accordance with the following fee schedule:



<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
Under \$500,000	1.20%
\$500,000 - \$1,000,000	1.10%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$3,000,000	0.90%
Above \$3,000,000	Negotiable

IWS also charges a fixed start-up fee for providing financial planning and consulting services. These fees are negotiable, but range from \$2,000 to \$10,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services as well as the amount of assets that the Firm will be managing.

The initial start-up fee is charged in advance, while the annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by IWS on the last day of the previous quarter.

The Firm includes cash in a client's account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision.

For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), IWS can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage IWS for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

Notwithstanding the foregoing, clients participating in the Raymond James wrap programs will pay fees to Raymond James (that encompass both fees to be paid to the Firm and Raymond James). For those participating in the Ambassador Program (which is the primary way that the Firm expects to provide services), the asset-based fees paid to the Firm and Raymond James by the client are set forth in the Ambassador (Discretionary or Non-Discretionary) Investment Adviser Client Agreement (the "Ambassador Agreement") entered into by the client. In addition, for clients that are utilizing the asset-based fees paid to the Firm and Raymond James are set forth in separate agreements.

For purposes of calculating and assessing asset-based fees for clients participating in the wrap programs, Raymond James uses the term “Account Value”, which may be different than the asset value as reported on brokerage statements provided to clients. “Account Value” is defined as the total absolute value of the securities in the Ambassador Account, long or short, plus all credit balances, with no offset for any margin or debit balances. As a result, a conflict of interest exists as the Firm has an incentive to increase the use of margin in managing client accounts in order to increase the fees paid by the client. The annual asset-based fees associated with the aforementioned account programs are typically payable quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the Account Value as of the last business day of the previous calendar quarter and becomes due the following business day. If cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from a client’s account on an individual business day in the first two months of the quarter, Raymond James will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by the client. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client’s other fee-based advisory accounts. The client authorizes and directs Raymond James, acting as custodian, to deduct asset-based fees from the client’s account. Raymond James then remits the Firm’s portion of its fees to the Firm.

### Retirement Plan Fees

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IWS is a fiduciary under ERISA and the Code in providing investment management and/or investment advisory services to ERISA Plan Clients. As such, IWS is subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, IWS may only charge fees for investment advice about products for which IWS and/or its affiliates do not receive any commission, 12b-1 fees or other compensation or alternatively, if IWS and/or its affiliates receive such commissions, 12b-1 fees or other compensation, it will offset such amounts on a dollar-for-dollar basis against the advisory fee.

IWS may charge a flat fee or asset-based fee to ERISA Plan Clients. The flat fee ranges up to \$20,000 per annum and the asset-based fee is based on included plan assets as reported by the plan custodian or recordkeeper and ranges between 25 and 120 basis points (0.25% and 1.2%) based on the scope of services to be rendered. Included plan assets are the plan assets for which IWS provides services as described in the ERISA Client Agreement.

Fees are payable quarterly in advance (the “Fee Period”). The initial fee is the amount, prorated for the number of days remaining in the initial Fee Period from the effective date of the ERISA Client Agreement, based upon the market value of the included assets on the first business day of the initial Fee Period. Thereafter, the fee is based upon the market value of the included assets on the last business day of the previous Fee Period (without adjustment for anticipated withdrawals by plan participants or other anticipated or scheduled transfers or distributions of assets). The ERISA plan is obligated to pay IWS’s fee. As agreed to under the ERISA Client Agreement between IWS and the ERISA Plan Client, the ERISA Plan Client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the ERISA Plan Client may choose to pay the fee. All fees paid to IWS are separate and distinct from the fees and expenses charged by mutual funds and other parties such as third party administrators, record-keepers and custodians.

Either IWS or the ERISA Plan Client can terminate the ERISA Client Agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain responsible for obligations arising under any transactions initiated before the agreement was terminated. IWS is entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination, based on the market value of the included assets on the effective date of termination.

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### Fee Discretion

IWS may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

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### Additional Fees and Expenses

In addition to the advisory fees paid to IWS, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), 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. The Firm’s brokerage practices are described at length in Item 12, below.

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**Direct Fee Debit**

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Clients provide IWS and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to IWS.

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**Use of Margin**

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IWS can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. IWS only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

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**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to IWS's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to IWS, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. IWS may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

**Item 6. Performance-Based Fees and Side-by-Side Management**

IWS does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

**Item 7. Types of Clients**

IWS offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit sharing plans.

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

### Methods of Analysis

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IWS utilizes fundamental analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For IWS, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

### Investment Strategies

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IWS's core mission is to assist clients in reaching their financial objectives through an intentional, evidence-based investment approach. The Firm manages assets in a manner that it believes is consistent with the most relevant research available, as well as each client's unique needs, risk tolerance, and personal values.

#### *IWS's Investment Beliefs*

IWS's investment philosophy is grounded in these essential principles:

1. **Markets Are Largely Efficient:** Although markets may not be perfectly efficient, IWS believes they tend to accurately price securities over time. Rather than attempting to outsmart the market, the Firm's approach emphasizes broad participation in market returns.
2. **Diversification is Essential:** By investing across many different asset classes and sectors, IWS aims to manage risk and potentially enhance returns.
3. **Risk and Return Are Related:** IWS recognizes that higher expected returns come with higher risk. The Firm's goal is to find the right balance for each client's individual needs and risk tolerance.
4. **Discipline Over Prediction:** IWS adheres to a disciplined investment approach and avoids trying to time the market or chase performance.

#### *IWS's Portfolio Construction Process*

IWS constructs portfolios in line with these beliefs, through a systematic and robust process:

1. **Understand Client Needs:** IWS starts by understanding each client's financial goals, risk tolerance, and investment horizon. This guides the Firm in determining the right allocation between equities, fixed income, and other asset classes.
2. **Global Diversification:** IWS creates a globally diversified portfolio, with exposure to a broad range of asset classes, including domestic and international equities, fixed income, and real estate.
3. **Factor-Based Investing:** Within each asset class, IWS aims to capture known "factors" that have historically been associated with higher expected returns, such as size, value, and momentum.
4. **Investment Selection:** IWS carefully selects mutual funds, ETFs, and individual securities that align with the Firm's investment strategy. IWS focuses on funds that offer broad market exposure, are cost-effective, and are managed in a transparent and responsible manner.
5. **Ongoing Monitoring and Rebalancing:** IWS continuously monitors the portfolio and the broader financial markets. IWS rebalances the portfolio as needed to maintain the target asset allocation and factor exposures.

#### *IWS's Commitment*

IWS's commitment to clients is to provide a thoughtful, disciplined, and evidence-based approach to managing assets. The Firm is dedicated to transparency, ongoing communication, and always acting in each client's best interest.

#### **Risk of Loss**

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The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of IWS's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that IWS will be able to predict these price movements accurately or capitalize on any such assumptions.

*Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

*Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

*Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

*Fixed Income Securities*

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.

- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### *Mutual Funds and ETFs*

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

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

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares



or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Finally, some mutual funds and ETFs may have lock-up periods that restrict an investor from selling their position for a period of time. Other mutual funds and ETFs could also have early redemption fees that are taken if the investor sells their position before a certain amount of time.

#### *Use of Independent Managers*

As stated above, IWS selects certain Independent Managers to manage a portion of its clients' assets. In these situations, IWS continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, IWS does not have the ability to supervise the Independent Managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

IWS recommends that certain clients invest in privately placed collective investment vehicles (*e.g.*, hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## **Item 9. Disciplinary Information**

IWS has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### Licensed Insurance Agents

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A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that IWS recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

## Item 11. Code of Ethics

IWS has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. IWS's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of IWS's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact IWS to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

IWS recommends that clients utilize the custody, brokerage and clearing services of Raymond James & Associates, Inc., ("Raymond James" or "Custodian") for investment management accounts. The final decision to custody assets with Raymond James is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. IWS is independently owned and operated and not affiliated with Raymond James. Raymond James provides IWS with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which IWS considers in recommending Raymond James or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees (including any asset-based brokerage fees) charged by Raymond James may be higher or lower than those charged by other Financial Institutions.

The commissions paid by IWS's clients to Raymond James comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where IWS determines that the commissions are 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. IWS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist IWS in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by

one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because IWS does not have to produce or pay for the products or services.

IWS periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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IWS receives without cost from Raymond James administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow IWS to better monitor client accounts maintained at Raymond James and otherwise conduct its business. IWS receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Raymond James. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits IWS, but not its clients directly. Clients should be aware that IWS's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Raymond James. In fulfilling its duties to its clients, IWS endeavors at all times to put the interests of its clients first and has determined that the recommendation of Raymond James is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, IWS receives the following benefits from Raymond James: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

Custodian's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

Custodian also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Custodian. Other potential benefits may include occasional business entertainment of personnel of IWS by Custodian personnel, including meals and entertainment. Other of these products and services assist IWS in managing and administering clients' accounts. These include

software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Custodian. In addition, Custodian may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, IWS endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Custodian may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Custodian, which creates a potential conflict of interest.

As described throughout this Disclosure Brochure, the Firm and certain of its Supervised Persons have a significant relationship with the Raymond James entities. The Firm recommends various investment advisory wrap programs (including the Ambassador Program) and the brokerage and custody services of various Raymond James entities.

### **Brokerage for Client Referrals**

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IWS does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

### **Directed Brokerage**

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The client may direct IWS in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by IWS (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, IWS 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.

### Trade Aggregation

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Transactions for each client will be effected independently, unless IWS decides to purchase or sell the same securities for several clients at approximately the same time. IWS may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among IWS’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which IWS’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. IWS does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13. Review of Accounts

### Account Reviews

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IWS monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with IWS and to keep the Firm informed of any changes thereto.

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**Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from IWS and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from IWS or an outside service provider.

**Item 14. Client Referrals and Other Compensation**

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**Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

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**Other Compensation**

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The Firm receives economic benefits from Raymond James. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

**Item 15. Custody**

IWS is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, IWS will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from IWS. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

**Standing Letters of Authorization**

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IWS also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization (“SLOA”) to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC’s no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

**Item 16. Investment Discretion**

IWS is given the authority to exercise discretion on behalf of clients. IWS is considered to exercise investment discretion over a client’s account if it can effect and/or direct transactions in client accounts without first seeking their consent. IWS is given this authority through a power-of-attorney included in the agreement between IWS and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). IWS takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

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IWS does not accept the authority to vote a client’s securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.



**Item 18. Financial Information**

IWS is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.