



**IC Advisory Services, Inc.**

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**March 29, 2024**

This Brochure provides information about the qualifications and business practices of IC Advisory Services, Inc. ("IC Advisory"). If you have any questions about the contents of this Brochure, please contact us at 908-707-4422 and/or email us at [advinfo@investctr.com](mailto:advinfo@investctr.com). 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.

IC Advisory is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about IC Advisory is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 – Material Changes**

This Firm Brochure provides you with a summary of IC Advisory Services, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as a description of conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

**Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

**Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure. Since IC Advisory's last annual amendment filing dated March 28, 2023, this Firm Brochure has not been materially revised.

IC Advisory will further provide you with a new Brochure as necessary based on changes or new information, any time, without charge.

Additional copies of this Brochure may be requested by contacting Kristen McCann, AVP Advisory Operations at (908) 707-4422 or [advinfo@investctr.com](mailto:advinfo@investctr.com). The Brochure is also available on our web site <http://www.investmentctr.com/form-adv-2a>, free of charge.

Information about IC Advisory Services, Inc. is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Adviser who are registered, or are required to be registered, as investment adviser representatives of IC Advisory Services, Inc.



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## **Item 4 – Advisory Business**

As discussed below in this Brochure, IC Advisory provides its clients (i.e., individuals, pension and profit-sharing plans, trusts, and business entities) with financial planning and/or investment management services on both a discretionary and non-discretionary basis. IC Advisory Services, Inc. is a SEC-registered investment adviser with its principal place of business located in Bedminster, NJ.

### **IC Advisory Ownership**

IC Advisory is a wholly owned subsidiary of IC Financial Services, Inc. (“IC Financial”). IC Financial is principally owned by the Ralph DeVito Family Trust (Ralph J. DeVito trustee). The Investment Center, Inc. is a registered broker-dealer.

### **IC Advisory Description**

The business of providing sound investment advice has radically changed over the last decade. More than ever, investing requires the need for analysis and investment solutions to help realize an investor’s financial needs. IC Advisory Services has developed a sophisticated platform to help investors address their situation.

The platform is flexible, providing investors with the opportunity to first enter into a financial planning relationship or to immediately invest into one of the many investment choices available.

By choosing to develop a strategy through a financial planning relationship, typically goal based planning, your designated financial advisor or Investment Advisor Representative (“IAR”) will help map out a financial plan based on needs and lifestyle choices. IARs will then help manage the plan and will typically review on a regular basis to make certain an investor stays on course and keeps goals in sight.

Some may choose to begin investing immediately through one of the many investment programs offered through IC Advisory. The choices are abundant, ranging from mutual fund and ETF wrap programs to equity and fixed income managed accounts. Wrap programs place an investor into an asset allocation mix based on risk tolerance whereas managed accounts may be more customized, giving an investor the opportunity to work with the manager to tailor a portfolio. Another option available is an investor may elect to have an Advisor Managed Account, where the IAR personally manages the investor’s portfolio. The IAR utilizes one of many research programs available to help the investor stay on course to meet their investment needs and objectives.

Our firm offers services through our network of IARs. It is important to understand that our firm enables its IARs to provide customized advice to their clients. IARs are permitted great latitude in selecting investments, investment strategies, delivering investment advice to our clients, and negotiating their fees, which all remain subject to the supervision of our compliance department. Each of our advisory programs that our IARs may use in servicing their clients are described in detail below.

Our firm generally requires that The Investment Center, Inc. ("The Investment Center"), a registered broker-dealer and our affiliate, serve as introducing broker-dealer on client accounts with Pershing, LLC to act as the clearing broker-dealer. In fact, substantially all of our clients' accounts are maintained at The Investment Center. Please refer to Item 12 for additional information about this arrangement.

### **Advisory Services Offered**

#### **Financial Planning**

Financial planning is based on a long-term relationship with a financial advisor and involves a comprehensive on-going approach to managing all aspects of a client's financial life. IC Advisory is equipped to provide its clients with a broad range of financial planning services. The client is free at all times to accept or reject any financial planning or investment recommendation from IC Advisory. Clients may also obtain legal, accounting and/or brokerage services from professionals of their choosing to implement any of the recommendations of IC Advisory.

In general, the financial plan can address any or all of the following areas:

**PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.

**INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

**RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

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

If requested by the client, IC Advisory may recommend the services of other professionals for implementation purposes. Such services may include IARs acting as registered representatives of IC Advisory's affiliated broker-dealer, The Investment Center, Inc. and as licensed insurance agents. However, the client is not obligated to engage the services of any recommended professional and retains absolute discretion over all such implementation decisions. Clients are encouraged to renew IC Advisory's financial planning services on an annual basis for the purpose of reviewing/updating IC Advisory's previous recommendations and/or services.

IC Advisory will charge a fee (fixed fee and/or hourly) for financial planning services, which will address, among other issues, investment recommendations. IC Advisory's financial planning fees are negotiable, but generally range from a minimum fee of \$250.00 to \$5,000.00 on a fixed fee basis, and between \$100.00 and \$500.00 on an hourly basis, depending upon the level and scope of service(s) required and the professional rendering the service(s). In the event the client terminates IC Advisory's financial planning services, the balance, if any, of IC Advisory's fee shall be refunded to the client.

Prior to engaging IC Advisory to provide financial planning services, the client will be required to enter into a Financial Planning Agreement with IC Advisory setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

## **Investment Management**

IC Advisory through its IARs may recommend one or more different types of accounts or arrangements for the management of a client's assets. Each of these account types and arrangements are described in greater detail below.

### **Advisor Managed Account Programs**

Advisor managed account programs available through IC Advisory include the firm's sponsored asset management wrap fee programs, the Independent Asset Management Account ("IAM") and Choice programs.

IAM and Choice program accounts are typically opened with The Investment Center and Pershing, LLC serves as the clearing broker-dealer. Your IAR will recommend or manage your assets in accordance with your stated objectives. The terms and conditions of the IAM and Choice programs are set forth in a separate written agreement between IC Advisory and the Client.

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 and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding one or more of the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable and fee-based annuities
- Mutual fund shares
- Exchange Traded Funds (ETFs)
- Unit Investment Trusts (UITs)
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

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

### ***IAM***

IC Advisory is able to offer its clients a comprehensive investment program, for a single specified fee, with unlimited trading in individual stocks, bonds, exchange traded funds (ETFs), Unit Investment Trusts (UITs), no-load and select load-waived mutual funds, long options, short puts and covered calls. The client grants IC Advisory and their IAR discretionary authority to buy and/or sell no-load and select load-waived mutual funds, and to liquidate previously purchased load mutual funds. In addition, either with discretion, or upon consultation with and direction from the client, the financial adviser is authorized to buy, sell and trade other securities approved for the IAM Program, including individual stocks, bonds and options.

Participation in the IAM Program may cost more or less than purchasing such services separately or engaging the services of a broker-dealer. In addition, the fees charged by IC Advisory for participation in the IAM Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. See available IAM customized non-wrap arrangement discussed below.

### ***Choice***

Choice is a comprehensive mutual fund and exchange traded fund (ETF) investment program that combines the power of professional research with the advantage of professional guidance. Choice offers access to thousands of mutual funds from over one hundred highly regarded investment

managers, including no-load fund families and institutional share classes and ETFs.

### ***IAM and Choice Custom - Customized Non-Wrap Program (Servicing and Fees)***

IC Advisory will provide clients with the same services and investment options as with the IAM and Choice Programs, but, rather than paying one specified fee, the client account will be responsible for the payment of brokerage and custodial fees. With respect to the broker-dealer's brokerage fees, the client's account will incur charges imposed by the broker-dealer, which include transaction costs and commissions, on a per-trade basis. While IAR's may recommend a wrap or non-wrap program, clients are ultimately responsible for selecting the program that is most appropriate for them. IC Advisory does not review or monitor the initial or ongoing decision by a client to enter into a wrap or non-wrap program. Clients who are uncertain which relationship is more appropriate should discuss their concerns with their IAR.

### **Independent Managers/Investment Programs**

In addition to the above asset management services, IC Advisory may also recommend that certain clients authorize the active discretionary management of their assets by and/or among certain independent investment advisory programs.

IC Advisory may recommend investment programs, based upon the stated investment objectives of the client, including, but not limited to:

- Absolute Capital
- AssetMark
- Beacon Capital (Dimensional Fund Advisors - DFA)
- Brinker Capital
- BTS Asset Management
- City National Rochdale
- Clark Lanza Skalla (CLS)
- Dunham & Associates
- Envestnet
- Flexible Plan Investments
- Hanlon Investments
- Managers Choice
- Manning & Napier
- Morningstar
- Orion Portfolio Solutions
- Saratoga Asset Management
- SEI
- Symmetry (Dimensional Fund Advisors - DFA)
- Toews Corporation
- United Capital



The terms and conditions under which the client shall engage the Independent Manager[s] shall be set forth in a separate written agreement between the client and the designated Independent Manager[s].

IC Advisory shall continue to render advisory services to the client relative to the ongoing monitoring and renewing of account performance and client investment objectives, for which IC Advisory shall usually receive an annual fee (typically between 1.00% and 3.00%) based upon a percentage of the market value of the assets being managed by the designated Independent Manager[s]. Factors which IC Advisory shall consider in recommending Independent Manager[s] include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager[s] together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets are exclusive of, and in addition to, IC Advisory's investment advisory fee set forth above. In addition to the fees charged by IC Advisory, the designated Independent Manager[s] and corresponding broker-dealer/custodian, the client, relative to mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e., advisory fees and other fund expenses).

Prior to engaging IC Advisory to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with IC Advisory setting forth the terms and conditions under which IC Advisory shall manage the client's assets and a custodial/clearing agreement. Both IC Advisory's Investment Advisory Agreement and the custodial/clearing agreement may authorize the account custodian to debit the account for the amount of IC Advisory's investment management fee and to directly remit that management fee to IC Advisory. The investment advisory agreement between IC Advisory and the client will continue in effect until terminated by either party by written notice. IC Advisory's investment management fee shall be pro-rated through the date of termination, and any remaining balance (if any) shall be promptly refunded to the client.

IC Advisory may also allocate the investment management assets of its client accounts, on a discretionary basis, among one or more mutual fund asset allocation programs which have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company.

With respect to non-discretionary asset management services, IC Advisory generally maintains ongoing responsibility to make recommendations based upon the needs of the client as to the specific mutual funds or other securities the account may purchase or sell. If such recommendation is accepted by the client, IC Advisory is responsible for arranging or effecting the purchase or sale.

Mutual funds and/or variable annuity/life products may have been (or may in the future be) purchased by the client through an SEC registered and FINRA member broker-dealer (including, but not limited to, IC Advisory's affiliated SEC registered and FINRA member broker-dealer, The Investment Center, Inc. – see disclosure below), for which product sales the Client may have paid (or will pay) a separate commission. Clients are under no obligation to purchase any commission products through The Investment Center, Inc. or IC Advisory's representatives.

In certain instances, dependent upon the specific arrangement with the Independent Manager[s], IC Advisory may be compensated for its services directly from the Independent Manager[s] pursuant to a referral fee arrangement in accordance with Rule 206(4)-1 of the Investment Advisers Act of 1940.

### **IC Advantage Portfolios**

IC Advantage Portfolios is a low cost, low entry third-party managed solution providing access to models from some of the industry's top asset managers. Through IC Advantage Portfolios, clients can be provided with access to model portfolios from managers including Russell, Vanguard and Blackrock. Each manager provides research models which are managed and rebalanced by Pershing Managed Investments on an ongoing basis.

IC Advisory shall render advisory services to the client relative to the initial and ongoing allocations among the various investment models, as well as ongoing monitoring of account performance and client investment objectives, for which services IC Advisory shall usually receive an annual fee (typically between 0.50% and 1.00%) based upon a percentage of the market value of the assets being managed. The program fees charged by the various model managers (generally ranging from 0.25% to 0.65% annually), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets are exclusive of, and in addition to, IC Advisory's investment advisory fee set forth above. In addition to the fees charged by IC Advisory, the designated model managers, and corresponding broker-dealer/custodian, the client, relative to mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e., advisory fees and other fund expenses).

The model managers made available through the IC Advantage Portfolios program may impose minimum investment level requirements, generally ranging from \$10,000 to \$50,000. Clients who have questions regarding minimum investment levels and eligibility for participation in the IC Advantage Portfolios program are advised to consult their IAR.

### **Retirement Plan Consulting**

IC Advisory also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, IC Advisory shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a Retirement Plan Consulting Agreement between IC Advisory and the plan sponsor.

### **Account Minimums & Management Fees**

IC Advisory generally requires an account minimum of between \$10,000.00 and \$50,000.00 for investment management services, depending upon the asset management program selected for the client. IC Advisory, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its account minimum based upon certain criteria (i.e., the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client, etc.).

## **Unaffiliated Wrap Programs**

In the event that IC Advisory is engaged to provide investment management services as part of an unaffiliated wrap-fee program, IC Advisory will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately or engaging the services of a broker-dealer. In the event that IC Advisory is engaged to provide investment management services as part of an unaffiliated managed account program, IC Advisory will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

## **Commission Transactions**

The Investment Center, Inc. is registered as a broker-dealer and most IARs are registered representatives. Clients should review and understand the disclosure under the headings "The Investment Center, Inc." in Item 10, and Item 12 in its entirety. IC Advisory's relationship with The Investment Center, Inc. is material to a client's relationship with IC Advisory.

## **Unaffiliated Private Investment Funds**

IARs that are registered representatives may recommend that clients investments in unaffiliated private investment funds on a non-discretionary commission basis through The Investment Center.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Valuation:** In the event that IC Advisory references private investment funds owned by the client on any supplemental account reports prepared by IC Advisory, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

IC Advisory may also provide investment advice regarding unaffiliated private investment funds. IC Advisory, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. IC Advisory's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in

the fund(s) shall be included as part of “assets under management” for purposes of IC Advisory calculating its investment advisory fee. IC Advisory’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

### **Assets Under Management**

	<b>U.S. Dollar Amount</b>	<b>Total No. of Accounts</b>
Discretionary	\$1,733,708,933	4,981
Non-Discretionary	\$407,370,750	1,030
Total	\$2,141,079,683	6,011

*As of 12/31/2024*

### **Important Miscellaneous Information**

**Non-Discretionary Service Limitations:** Clients that determine to engage IC Advisory on a non-discretionary investment advisory basis must be willing to accept that IC Advisory cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Therefore, in the event of a market correction, and the client is unavailable, IC Advisory will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s verbal consent.

**Variable Investment Products:** To the extent that IC Advisory renders investment advisory services relative to the recommended allocation of assets among the various mutual fund sub-classes that comprise a variable annuity product owned by the client, the custodian shall be the specific insurance company that issued the variable annuity. The investment advisory fee to be received by IC Advisory shall be in addition to the commission fee previously charged to purchase the variable investment product, including any commission that may have been paid to a representative of IC Advisory in his/her separate capacity as a registered representative of The Investment Center, Inc.

**Fee-based Annuities:** IC Advisory makes sub-accounts allocation recommendations for various indexed, variable and structured fee-based annuities (collectively, “fee-based annuities”) on a discretionary basis for an advisory fee. The Firm maintains discretionary authority over the selection of the sub-accounts or underlying investment options, which means that IC Advisory is not obligated to consult with you to determine and obtain your approval as to which sub-accounts/investments are to be purchased or sold in your fee-based annuity. Advisory fees charged for the sub-account/investment allocation recommendations provided for the fee-based annuities are in addition to any underlying fees related to the fee-based annuity. Clients may refer to their fee-based annuity’s prospectus for a description of any underlying fees. You should be aware that certain riders purchased with the fee-based annuity may limit the investment options and the ability to reallocate to certain subaccounts. Additionally, the decision to liquidate a fee-based annuity prior to the end of its surrender charge period may result in early withdrawal charges and a complete loss of certain benefits for which fees may have previously been paid to the annuity company.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If IC Advisory recommends that

a client roll over their retirement plan assets into an account to be managed by IC Advisory, such a recommendation creates a conflict of interest if IC Advisory will earn new (or increase its current) compensation as a result of the rollover. If IC Advisory provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), IC Advisory is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by IC Advisory, whether it is from an employer's plan or an existing IRA.

**Account Aggregation Service Providers:** In conjunction with the services provided by ByAllAccounts, Inc., eMoney Advisor, MoneyGuidePro, RightCapital, and other aggregation service providers, IC Advisory may also provide, for a separate fee, periodic comprehensive account reporting services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by IC Advisory (the "Excluded Assets"). Unless stated otherwise, IC Advisory's service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because IC Advisory does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not IC Advisory, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not IC Advisory, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, IC Advisory shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that IC Advisory provide investment management services with respect to the Excluded Assets, the client may engage IC Advisory to do so pursuant to the terms and conditions of an advisory agreement between IC Advisory and the client.

Additionally, the eMoney platform (and other financial planning tools) also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by IC Advisory. Finally, IC Advisory shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform (or other financial planning tools) without IC Advisory's assistance or oversight.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services:**

As indicated above, to the extent requested by the client, IC Advisory may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. IC Advisory does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, IC Advisory does not prepare estate planning documents or tax returns. To the extent requested by a client, IC Advisory may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.), including representatives of IC Advisory in their separate individual capacities as registered representatives of The Investment Center, Inc., our affiliated SEC registered and FINRA member broker-dealer and/or as licensed insurance agents, servicing clients through IC Insurance Services, Inc. an affiliated insurance company. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from IC Advisory and/or its

representatives.

If the client engages any professional (i.e., attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional(s), and not IC Advisory, shall be responsible for the quality and competency of the services provided.

**Conflict of Interest:** The recommendation by one of IC Advisory's representatives that a client purchase a securities or insurance commission product through one of IC Advisory's representatives in their separate and individual capacity as a registered representative of The Investment Center, Inc. and/or as an insurance agent of IC Insurance Services, Inc., or another third-party insurance agency or insurance company, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by IC Advisory through other, non-affiliated broker-dealers and/or insurance agencies.

**Socially Responsible (ESG) Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance ("ESG") considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by IC Advisory), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. IC Advisory does not maintain or advocate an ESG investment strategy but will seek to employ ESG if directed by a client to do so. If implemented, IC Advisory shall rely upon the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the fund's or portfolio's underlying company securities meet a socially responsible mandate.

**Tradeaway Fees:** Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed-income transactions may be effected through broker-dealers with whom IC Advisory and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian).

**Client Obligations:** In performing its services, IC Advisory shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. The client is free to accept or reject any recommendation made by IC Advisory. Moreover, each client is advised that it remains their responsibility to promptly notify IC Advisory if there is ever any change in their financial situation or investment objectives for the



purpose of reviewing, evaluating or revising IC Advisory's previous recommendations and/or services, or if they wish to impose any reasonable restrictions upon IC Advisory's management services.

## **Cybersecurity Risk**

The information technology systems and networks that IC Advisory and its third-party service providers use to provide services to IC Advisory's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in IC Advisory's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and IC Advisory are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although IC Advisory has established procedures to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that IC Advisory does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

## **Consulting Services**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

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

## **Item 5 – Fees and Compensation**

### **Advisory Fees for Programs**

#### ***IAM***

IC Advisory charges an annual investment management fee for the IAM Program based upon a percentage of the market value of the assets being managed by IC Advisory. The investment management fee charged shall vary (typically between 0.50% and 3.00%) depending upon the market value of assets under management and the specific type of investment management services to be provided.

#### ***Choice***

The fee that a client shall pay for participation in the Choice program shall vary (typically between 0.5% and 2.00%) depending upon the specific type of investment management services to be provided.

### ***IAM & Choice Custom***

The annual advisory fee for participation in the IAM Custom Program(s) shall be a percentage of the market value of the Assets under management in accordance with the fee schedule pertaining to each Program. The investment management fee charged shall vary (typically between 0.50% and 2.5%) depending upon the market value of assets under management and the specific type of investment management services to be provided.

Clients may also incur charges imposed by the Custodian (“custodial fees”), and the broker-dealer’s commissions and/or transaction fees (on a per trade basis).

In addition to the management fee, the Client shall also incur, relative to investments in mutual funds and Exchange Traded Funds, charges imposed directly at the fund level (e.g., fund management fees and other fund expenses).

### ***Independent Managers/Investment Programs***

IC Advisory charges an annual fee (typically between 1.00% and 3.00%) based upon a percentage of the market value of the assets being managed by the designated Independent Manager[s] (in addition to fees charged by the Independent Manager/Investment Program).

### ***IC Advantage Portfolios***

IC Advisory charges an annual fee (typically between 0.50% and 1.00%) based upon a percentage of the market value of the assets in the IC Advantage Portfolios program (in addition to fees charged by the investment model managers).

### ***Financial Planning***

IC Advisory will charge a fee (fixed fee and/or hourly) for financial planning services, which will address, among other issues, investment recommendations. IC Advisory’s financial planning fees are negotiable, but generally range from a minimum fee of \$250.00 to \$5,000.00 on a fixed fee basis, and between \$100.00 and \$500.00 on an hourly basis, depending upon the level and scope of service(s) required and the professional rendering the service(s).

### ***Consulting Services Fees***

IC Advisory Services, Inc.’s Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client’s circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$100.00 to \$500.00 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Our Consulting Services fees are calculated and charged on a fixed fee basis, typically ranging from \$250.00 to \$5,000.00, subject to the specific arrangement reached with the client.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals



recommend that a client invest in a security or product, which results in those individuals receiving a commission, 12b-1 fee, or other sales-related compensation. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### **Fees, Generally & Negotiability**

***Negotiable Fees.*** All fees for services as described above are subject to negotiation. IC Advisory's fees are negotiable at the firm's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with the firm and/or its representatives, and negotiations with the client. Certain legacy clients may have accepted different pre-existing service offerings from IC Advisory and may therefore receive services under different fee schedules than set forth above.

***Ability to Obtain Certain Services Separately and for Different Fees.*** You should consider the brokerage and investment advisory services we make available to determine which program or relationship with us (i.e., brokerage or investment advisory) may be most appropriate for you. You may be able to obtain some or all of the types of services described in this Brochure from us without participating in one of our investment programs. If you were to do so, your total cost may be lower or higher than the stated fee. You may also be able to obtain the same or similar services, investment solutions, or types of investments through other programs or services; both investment advisory and brokerage, offered by us. These may be available at lower or higher fees than charged by one or more of the programs. You may also be able to obtain some or all of these services from other firms at a total cost that may be lower or higher than the fees charged for the investing in one of our programs.

More broadly, when you compare the services, investment solutions, account types and programs and their relative costs, you should consider various factors, including, but not limited to:

- Your preference for an investment advisory or brokerage relationship.
- Your preference for a discretionary or a nondiscretionary relationship.
- Your preference for a fee-based or commission-based relationship.
- Whether a particular investment offered in one service is available through another program or service at a lower or higher cost.
- How much of your assets you expect to be allocated to cash.
- The frequency and type of reviews and monitoring that you expect from your IAR.

### **Additional Fees and Expenses Involved in Investing with IC Advisory**

For accounts maintained at The Investment Center, when The Investment Center effects securities transactions for a client's transaction-based account, The Investment Center passes on the securities clearance and settlement fees charged by its clearing broker/dealer with a substantial markup that is retained by The Investment Center. The Investment Center adds a markup to the transaction fees assessed by its clearing firm and paid by clients or clients' advisors to compensate The Investment Center for the cost of its resources in processing the transactions and to generate additional revenue for The Investment Center.

The Investment Center adds a markup to the confirmation fees assessed by its clearing firm and paid by clients to cover the costs of client mailings, electronic delivery, account verification, and other costs assessed to The Investment Center by its clearing firm and to generate additional revenue for The Investment Center.

In addition to the charges noted above, clients incur certain charges imposed by The Investment Center, or by third parties other than The Investment Center or their IAR, in connection with certain investments, transactions, and services in your account. In many cases, The Investment Center will receive a portion of these fees and charges or add a markup to the charges clients would otherwise pay to generate additional revenue for The Investment Center. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, sub-transfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Information describing the brokerage fees and charges that are applicable to a The Investment Center brokerage or managed account is on its schedule of Client Fees, which is available on The Investment Center's website at <https://www.investmentctr.com/client/disclosures/client-fees>.

For accounts maintained at The Investment Center, IARs may select share classes of mutual funds that pay The Investment Center 12b-1, subtransfer agent, distributor, transaction, and/or revenue-sharing fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay The Investment Center additional fees. Mutual funds with 12b-1 fees are generally more expensive than those funds without such fees. The Investment Center provides a credit or reimbursement to the client in the amount of the 12b-1 fees received from IC Advisory investment advisory recommendations or selections. The credit is not automatically reinvested into the mutual fund paying the 12b-1 fees but is instead swept into a money market fund. Please see the important disclosure "Sweep Vehicles and Additional Compensation" below.

**Sweep Vehicles and Additional Compensation.** Generally, some portion of your account will be held in cash. This cash balance could include reimbursement payments and/or credits provided by The Investment Center, Inc. relative to 12b-1 fees collected pursuant to IC Advisory investment advisory recommendations or selections, as described above. If Pershing, acts as custodian for your account (introduced by The Investment Center, Inc.), it will effect "sweep" transactions of free credit balances and cash allocations, if any, in your account into money market mutual funds that have been pre-approved by IC Advisory. IC Advisory offers Federated Capital Reserves for non-qualified accounts and Pershing Government Account for qualified accounts. The Investment Center, Inc., IC Advisory's affiliated broker-dealer, receives 12b-1 fees from these money market mutual funds. The Investment Center receives 0.67% of assets invested in these money market mutual funds annually, which is prorated and calculated on a daily basis. The revenue that The Investment Center receives may be greater than revenues generated by sweep options at other brokerage firms and may be greater than other account investment vehicles currently available to you or possible investment vehicles that we have used in the past or may consider using in the future. The higher the 12b-1 fees paid by the money market mutual fund, the lower the yield on cash in your account. This revenue sharing creates a conflict of interest as the increased revenue generated from the default money market funds is paid to our affiliated broker dealer. Because our affiliated broker-dealer receives and retains these amounts, we have an incentive to recommend a brokerage account offering sweep

money market funds paying 12b-1 fees, which in turn will negatively impact the amount you earn on cash in your account. IC Advisory seeks to mitigate this conflict of interest by disclosing it to clients and maintaining a process which seeks to ensure that all money market mutual fund “sweep” vehicles pay nearly identical 12b-1 fees.

Notwithstanding, IARs may recommend money market mutual funds outside of the “sweep” vehicles, which would present an additional conflict of interest, as such recommendations could result in different and potentially greater compensation to The Investment Center. The asset based management fee charged by IC Advisory applies to cash and cash equivalents, including cash held in money market mutual funds.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund’s prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a particular fund may not be offered through IC Advisory or made available by IC Advisory for purchase within specific types of program accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

IC Advisory urges clients to discuss with their IAR whether lower-cost share classes are available in their particular program account. Clients should also ask their IAR why the particular funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your IAR may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee (“TF”) funds available for investment through IC Advisory will result in the assessment of transaction charges to you, your IAR, or IC Advisory. Although no-transaction-fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost IC Advisory or your IAR less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses. It is important to note that IC Advisory will only purchase NTF funds when no other share class is available for purchase. The administrative fees charged for each NTF fund trade is the same as the administrative fees for all other funds.

IC Advisory uses Pershing LLC as its clearing and custody firm for substantially all of its managed accounts, which are introduced through The Investment Center. The Investment Center's business relationship with Pershing provides The Investment Center considerable revenue-sharing benefits. In particular, The Investment Center receives substantial revenue-sharing payments from Pershing based on client assets held by The Investment Center with Pershing in Federated Capital Reserves for non-qualified accounts and Pershing Government Account for qualified accounts, non-Fidelity NTF funds that participate in Fidelity's NTF program, and non-Fidelity TF funds that participate in Fidelity's TF program.

The Investment Center's revenue-sharing agreement with Pershing, and the existence of various fund share classes with lower internal expenses that IC Advisory may not make available for purchase in its managed account programs, present a conflict of interest between clients and IC Advisory or its IARs. A conflict of interest exists because The Investment Center and your IAR have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to The Investment Center that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients, to IC Advisory, or the IAR, a conflict of interest exists because IC Advisory and your IAR have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

In addition to reading this Brochure carefully, clients are urged to inquire whether lower-cost share classes are available and/or appropriate for their account in consideration of their expected investment holding periods, amounts invested, and anticipated trading frequency. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus. IC Advisory also maintains procedures designed to identify improper share class holdings in your account, but there may still be instances where you may not own the least expensive share class in existence.

### **ERISA Accounts**

IC Advisory Services, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, IC Advisory Services, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset IC Advisory Services, Inc.'s advisory fees.

### **Timing of Fee Billing: Termination and Refunds**

IC Advisory will generally bill its fees on a quarterly basis, in advance or arrears. The management fee will generally be based either upon the market value of the Assets on the last business day of the previous calendar quarter or on the daily average market value of the Assets during the applicable fee period.

The specific manner in which fees are calculated and charged by IC Advisory is established in a client's written agreement with IC Advisory. IC Advisory may enter into other fee arrangements with clients, at IC Advisory's discretion (including arrangements which differ in terms of fee timing, frequency, and/or calculation methodology). Clients are advised to consult their IAR and Investment

Advisory agreement for details as to their specific fee arrangement. Clients authorize IC Advisory to directly debit fees from client accounts.

Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

IC Advisory's fees for the IAM Custom and Choice Custom Programs are exclusive of transaction fees and other related costs and expenses, which shall be paid by the client. Clients will be responsible for paying all charges imposed by custodians, brokers, third party investment advisers 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 funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These charges, fees and commissions are in addition to IC Advisory's fee.

### **Impact of Wrap Fees and Asset-Based Pricing**

***Wrap Fee Program Billing.*** When managing a client's account on a wrap fee basis, IC Advisory will receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. As described further below, IC Advisory generally recommends that wrap fee clients enter into asset-based pricing arrangements, where the commissions/transactions fees applicable to account trading activity are based on a percentage of the market value of a client's account.

An investor's participation in the program may cost the investor more or less than purchasing such services separately or engaging the services of a broker-dealer. Generally, IC Advisory's IARs charge fees for their services, which will vary from IAR to IAR depending on various factors, including the size of the client's account relationship and the consulting services provided to clients. In addition, the fee may be higher or lower than those charges by other sponsors of comparable wrap fee programs. Lastly, certain account custodians do not charge transaction fees on certain transactions (i.e., Schwab does not charge transaction fees on U.S. equity and ETF transactions) and clients are solely responsible for understanding their IAR's proposed strategy and securities used to manage their account and accepting their account custodian.

***Asset Based Pricing.*** IC Advisory may recommend that its clients enter into an asset-based pricing agreement with the account custodian. Under an asset-based pricing arrangement, the amount that the client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the client's account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the client's account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by the client to the account custodian. IC Advisory does not receive any portion of the asset-based transaction fees payable by the client to the account custodian. IC Advisory continues to believe that certain of its clients may benefit from an asset-based pricing arrangement. The client can request at any time to switch from asset-based pricing to transaction-based pricing, however, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in



market events and security selection. Thus, given the variances in trading volume, any decision by the client to switch to transaction-based pricing could prove to be economically disadvantageous.

***Principal Transactions.*** IC Advisory Services may affect principal transactions in accordance with Section 206(3)-2(a)(3) of the Investment Advisers Act. Although not limited to this type of transaction, IC Advisory Services engages in principal transactions through its affiliated broker dealer—the Investment Center, Inc. This practice presents a conflict of interest between IC Advisory Services and the client as IC Advisory Services, its principals or the Investment Center, Inc.(or any combination of the three) may benefit from the transaction by realizing additional profits beyond advisory fees charged to clients. For all principal transactions in client accounts, IC Advisory Services will do the following:

1. Obtain prospective written authorization, revocable consent from the Advisory clients prospectively authorizing IC Advisory Services to enter into principal transactions;
2. Make verbal disclosures to clients prior to effecting principal transaction(s);
3. Obtain the client(s)' consent prior to the execution of a principal transaction or after the execution, but before the settlement of the transaction; and
4. Send to the client(s)' confirmation statements disclosing the capacity in which IC Advisory Services has acted (agency or principal), unless the client has elected not to receive confirmation statements.

#### **Use of No Transaction Fee (“NTF”) Funds**

The purchase or sale of certain funds available for investment through IC Advisory will result in the assessment of transaction charges to the client, the advisor, or IC Advisory. Although no transaction fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. NTF funds may also assess a 12b-1 fee which is paid to the account custodian. While IC Advisory does not receive these 12b-1 payments, they may potentially result in higher overall costs to the client. Depending upon the frequency of trading and hold periods, NTF funds may cost the client more, or may cost IC Advisory or the IC Advisory advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of a client's account when compared to share classes of the same fund that assess lower internal expenses. It is important to note that IC Advisory will only purchase NTF funds when no other share class is available for purchase. The administrative fees charged for each NTF fund trade is the same as the administrative fees for all other funds.

#### **Other Compensation**

To assist in the cost of transitioning from another investment advisory firm or, in the case of dually licensed IARs, their former Broker-Dealer, IC Financial Services, Inc. extends loans or transition assistance to certain IARs when joining IC Advisory to assist with the IAR's transition costs. The proceeds of the transition assistance loans are intended to be used for a variety of purposes, including but not limited to providing working capital to assist in funding the IAR's business, satisfying outstanding debt owed to the IAR's previous firm, technology set-up fees, marketing and mailing costs, stationery, licensure transfer fees, moving expenses, office space expenses, and staffing support and additional labor costs.

These loans are generally forgivable in nature based on the IAR reaching agreed-upon revenue targets or continuing to remain affiliated with the Firm for a specified period. As these loans are

generally forgivable, they are be considered as additional compensation to the IAR. This creates a conflict of interest. A forgivable loan based on a revenue or production target creates a conflict of interest in that the IAR is incentivized to act in a manner that results in the IAR earning more revenue to ensure that the loan is forgiven. Similarly, a loan that is forgiven based on the IAR remaining with the Firm for a specified period is a conflict of interest in that the IAR may be incentivized to keep sales or revenue levels up to avoid being terminated for low production prior to the expiration of the forgivable term. More generally, the receipt of recruiting/transition assistance creates a conflict of interest in that the IAR has a financial incentive to recommend that a client open and maintain an account with the Firm because, in addition to the fees that the IAR would earn directly from the client by opening and maintaining an account with the Firm, the IAR also benefits if they are able to meet the specified production levels or length of service requirements in that the IAR can avoid having to repay the transition loan, which can be substantial.

Clients are under no obligation to purchase any recommended investment-related products or services through IC Advisory or the Firm's associated IARs.

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

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

#### **Item 7 – Types of Clients**

IC Advisory provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, defined-contribution plans, retirement accounts, charitable institutions, foundations, endowments, private investment funds, trust programs, and other U.S. and international institutions.

IC Advisory's affiliated broker-dealer, The Investment Center, Inc., is an SEC registered and FINRA member broker-dealer engaged in the purchase and sale of securities to public customers such as individuals, pension and profit-sharing plans, and corporate, trust, estate and retirement accounts. As discussed above, IC Advisory shall generally recommend The Investment Center, Inc., as the broker-dealer for those clients seeking to effect securities brokerage transactions on a fully disclosed non-discretionary commission basis.

IC Advisory generally requires an account minimum of between \$10,000.00 and \$50,000.00 for investment management services, depending upon the asset management program selected for the client and any minimum asset level requirements imposed by engaged Independent Manager[s] and/or model managers. IC Advisory, in its sole discretion, may waive or reduce its account minimum based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

Prior to opening the Account, IC Advisory assists in determining an investor's profile for the Program by obtaining from the investor appropriate information (i.e., investment objectives, risk tolerance, and investment time horizon, as well as any reasonable restriction that the client wishes to impose

upon the management of the Account). IC Advisory's Financial Advisors jointly determines investment strategy with the client based on an assessment of the information provided by the client. Therefore, it remains the client's responsibility to advise IC Advisory of any changes to the prior information provided that might impact the prior determined investment strategy/objectives.

Investing in securities involves risk of loss that clients should be prepared to bear. Assets of the portfolio are not bank deposits and are not federally insured or guaranteed by any government agency or guaranteed to achieve its objective.

**Investment risks for certain portfolios may include some or all of the following:**

**Capitalization Securities Risk** – Portfolios may be composed primarily of, or have significant exposure to, securities in a particular capitalization range, e.g., large, mid or small-cap securities.

As a result, your portfolio may be subject to the risk that the predominate capitalization range represented may underperform other segments of the equity market or the equity market as a whole. In addition, in comparison to securities of companies with larger capitalizations, securities of small and medium capitalization companies may experience more price volatility, greater spreads between their bid and ask prices, significantly lower trading volumes, and cyclical or static growth prospects. Small and medium-capitalization companies often have limited product lines, markets or financial resources, and may therefore be more vulnerable to adverse developments than larger capitalization companies. These securities may or may not pay dividends.

**Cash Positions** – IC Advisory continues to treat cash as an asset class. As such, unless determined to the contrary by IC Advisory, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating IC Advisory's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), IC Advisory may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, IC Advisory's advisory fee could exceed the interest paid by the client's money market fund.

**Commodity-Linked Derivative Investment Risk** – Certain portfolios may be exposed to the commodities markets, which may subject it to greater volatility than investments in traditional securities. Because the value of a commodity-linked derivative investment typically is based upon the price movements of a physical commodity (such as heating oil, livestock, or agricultural products), a commodity futures contract or commodity index, or some other readily measurable economic variable, the value of commodity-linked derivative instruments may be affected by changes in overall market movements, volatility of the underlying index or benchmark, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

**Index-Linked and Commodity-Linked "Structured" Securities** – Certain portfolios may invest in derivative instruments with principal and/or coupon payments linked to the value of commodities, commodity futures and options contracts, or the performance of commodity indices, such as the S&P DTI or S&P GSCITM Commodity Index. These are "commodity-linked" or "index-linked" securities. They are sometimes referred to as "structured securities" because the terms of the instrument may be structured by the issuer of the security and the purchaser of the security, such as an underlying fund. These securities may be issued by banks, brokerage firms, insurance companies and other



corporations.

The value of these securities will rise or fall in response to changes in the underlying commodity or related index or investment. These securities may expose the portfolio economically to movements in commodity prices. In addition to commodity price risk, the securities also are subject to credit and interest rate risks that in general affect the values of debt securities. Therefore, at maturity, your portfolio may receive more or less principal than it originally invested. The portfolio might receive interest payments that are more or less than the stated coupon interest payments.

**Counterparty Credit Risk** – The portfolio may invest in financial instruments involving counterparties for the purpose of attempting to gain exposure to a particular group of securities, index or asset class without actually purchasing those securities or investments, or to hedge a position. Such financial instruments include, among others, total return, index, interest rate, credit default swap agreements, and structured notes.

The use of swap agreements, structured notes and other similar instruments involves risks that are different from those associated with ordinary portfolio securities transactions.

**Credit Risk** – Credit risk is the risk that the portfolio's underlying investments could lose money if an issuer or guarantor of a debt instrument becomes unwilling or unable to make timely principal and/or interest payments, or to otherwise meet its obligations. Securities are subject to varying degrees of credit risk, which are sometimes reflected in credit ratings.

**Currency Risk** – The portfolio's indirect and direct exposure to foreign currencies subjects the portfolio to the risk that those currencies will decline in value relative to the U.S. Dollar, or, in the case of short positions, that the U.S. Dollar will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates and the imposition of currency controls or other political developments in the U.S. or abroad. In addition, certain investments may incur transaction costs in connection with conversions between various currencies.

**Derivatives Risk** – Portfolios may invest a percentage of their assets in derivatives, such as options contracts, to pursue their investment objectives. The use of such derivatives may expose the portfolio to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. Portfolios may use options for bona fide hedging purposes to offset changes in the value of securities held or expected to be acquired. They may also be used to gain exposure to a particular market or instrument, to create a synthetic money market position, and for certain other tax-related purposes.

**Emerging Markets Risk** – Emerging markets, which consist of countries that have an emerging stock market as defined by Standard & Poor's®, countries or markets with low- to middle-income economies as classified by the World Bank, and other countries or markets with similar characteristics as determined by the Advisor, can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. As a result, the securities of emerging market issuers may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in securities of developed foreign countries. In addition, the risks associated with investing in a narrowly defined geographic area are generally more pronounced with respect to investments in emerging market countries.

**Exchange-Traded Fund Risk** – Certain portfolios may invest to a significant extent in shares of ETFs to gain exposure to its investment objective. ETFs are pooled investment vehicles, which maybe managed or unmanaged, that generally seek to track the performance of a specific index.

Although individual shares of an ETF are traded on an exchange (such as the NYSE, AMEX, or NASDAQ), large blocks of shares of ETFs are redeemable at net asset value. This ability to redeem large blocks of shares has historically resulted in the market price of individual shares of ETFs being at or near the net asset value of the ETF's underlying investments. However, shares of ETFs may trade below their NAV. The NAV of shares will fluctuate with changes in the market value of the ETF's holdings. The trading prices of shares will fluctuate in accordance with changes in NAV aswell as market supply and demand. The difference between the bid price and ask price, commonly referred to as the "spread," will also vary for an ETF depending on the ETF's trading volume and market liquidity. Generally, the greater the trading volume and market liquidity, the smaller the spread is and vice versa. Any of these factors may lead to an ETF's shares trading at a premium or a discount to NAV.

**Exchange-Traded Notes Risk** – Certain portfolios may invest in ETNs. ETNs are a type of unsecured, unsubordinated debt security that have characteristics and risks similar to those of fixed-income securities and trade on a major exchange similar to shares of exchange-traded funds. However, this type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no period couponpayments are distributed, and no principal protections exists. The purpose of ETNs is to create a type of security that combines the aspects of both bonds and ETFs.

The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying commodities or securities markets, changes in the applicable interest rates, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the referenced commodity or security. An underlying fund's decision to sell its ETN holdings may also be limited by the availability of a secondary market.

**Fixed Income Risk** – Portfolios may invest in fixed income securities or related instruments. The market value of fixed income investments, and financial instruments related to those fixed income investments, will change in response to interest rate changes and other factors, such as changes in the effective maturities and credit ratings of fixed income investments. During periods of falling interest rates, the values of outstanding fixed income securities generally rise. Falling interest rates may cause an issuer to redeem or "call" a security before its stated maturity, which may result in the portfolio having to reinvest the proceeds in lower yielding securities. Conversely, during periods of rising interest rates, the values of such securities and related financial instruments generally decline. While securities with longer maturities tend to produce higher yields, the prices of longer maturity securities are also subject to greater market fluctuations as a result of changes in interest rates. The Advisor generally purchases investment grade securities; however, portfolios may invest in unrated securities that the Advisor determines are comparable in quality.

**Foreign Issuer Exposure Risk** – Portfolios may invest in securities of foreign companies directly, or in financial instruments, such as ADRs and ETFs, and structured notes, which are indirectly linked to the performance of foreign issuers. Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market or economic developments and can perform differently from the U.S. market. Investing in securities of foreign companies directly, or in

financial instruments that are indirectly linked to the performance of foreign issuers, may involve risks not typically associated with investing in U.S. issuers. The value of securities denominated in foreign currencies, and of dividends from such securities, can change significantly when foreign currencies strengthen or weaken relative to the U.S. Dollar.

Foreign securities markets generally have less trading volume and less liquidity than U.S. markets, and prices in some foreign markets may fluctuate more than those of securities traded on U.S. markets. Many foreign countries lack accounting and disclosure standards comparable to those that apply to U.S. companies, and it may be more difficult to obtain reliable information regarding a foreign issuer's financial condition and operations.

Transaction costs and costs associated with custody services are generally higher for foreign securities than they are for U.S. securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries portions of these taxes are recoverable, the non-recovered portion will reduce the income received by the portfolio.

**Fund of Funds Risk** – Certain portfolios may be subject to fund of funds risk. By investing in the underlying funds indirectly through the Fund of Funds (the “Fund”), an investor will incur not only a proportionate share of the expenses of the underlying funds held by the portfolio (including operating costs and management fees), but also expenses of the Fund. Consequently, an investment in the Fund entails more direct and indirect expenses than a direct investment in the underlying funds. In order to minimize these expenses, the Fund intends to invest in the class of shares of each underlying fund with the lowest shareholder fees and net fund operating expenses.

In addition, an underlying fund may buy the same securities that another underlying fund sells. If this happens, an investor in the Fund would indirectly bear the costs of these trades without accomplishing any investment purpose. Also, the Fund investor may receive taxable gains from portfolio transactions by the underlying funds, as well as taxable gains from the Fund's transactions in shares of the underlying funds. In addition, certain of the underlying funds may hold common portfolio positions, thereby reducing the diversification benefits of an asset allocation style.

**Growth Stocks Risk** – Growth stocks generally are priced higher than non-growth stocks, in relation to the issuer's earnings and other measures, because investors believe they have greater growth potential. However, there is no guarantee that such an issuer will realize that growth potential. In addition, an investment in growth stocks also may be susceptible to rapid price swings, especially during periods of economic uncertainty or in response to adverse news about the condition of the issuer, such as earnings disappointments. Growth stocks also typically have little or no dividend income to absorb the effect of adverse market conditions.

**High Yield Risk** – Certain portfolios may invest in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”). High yield securities generally pay higher yields (greater income) than investment in higher quality securities; however, high yield securities and junk bonds may be subject to greater levels of interest rate, credit and liquidity risk than funds that do not invest in such securities, and are considered predominantly speculative with respect to an issuer's continuing ability to make principal and interest payments. The value of these securities often fluctuates in response to company, political or economic developments and declines significantly over short periods of time or during periods of general economic difficulty. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the ability of certain portfolios to sell these securities (liquidity risk). These securities can also be thinly traded or have restrictions on resale, making them difficult to sell at an acceptable price. If

the issuer of a security is in default with respect to interest or principal payments, the portfolio may lose its entire investment, which may adversely affect the value of the portfolio.

**Income Risk** – Portfolios may derive dividend and interest income from certain of its investments. This income can vary widely over the short- and long-term. If prevailing market interest rates drop, distribution rates of the portfolio's income producing investments may decline which then may adversely affect the portfolio's value. The dividend and interest income produced by certain portfolio holdings also may be adversely affected by the particular circumstances and performance of the individual issuers of such investments.

**Inactivity Risk.** As part of its investment advisory services, IC Advisory will review client portfolios on a periodic basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when IC Advisory determines that changes to a client's portfolio are neither necessary nor prudent. Clients will continue to incur advisory fees as long as their account agreement remains in effect.

**Interest Rate Risk** – The market value of fixed income investments, and financial instruments related to those fixed income investments, will change in response to interest rate changes. During periods of falling interest rates, the values of fixed income securities generally rise. Conversely, during periods of rising interest rates, the values of such securities generally decline. While securities with longer maturities tend to produce higher yields, the prices of longer maturity securities are also subject to greater market fluctuations as a result of changes in interest rates.

**Investment in Investment Companies Risk** – Portfolios may purchase shares of investment companies, such as ETFs, UITs, and closed-end investment companies to gain exposure to a particular portion of the market or when such investments present a more cost-efficient alternative to investing directly in securities.

In addition, the portfolio may invest in investment vehicles that are not registered pursuant to the Investment Company Act of 1940 and therefore, not subject to the regulatory scheme of the Investment Company Act of 1940.

Most mutual funds are available directly to the public. Thus, a client or prospective client can obtain many of the mutual funds that may be recommended and/or utilized by IC Advisory independent of engaging IC Advisory as an investment advisor. However, if a client or prospective client determines to do so, they will not receive IC Advisory's initial and ongoing investment advisory services.

**Interval Funds** – Where appropriate, IC Advisory may utilize interval funds (and other types of securities that could pose additional risks, including lack of liquidity and restrictions on withdrawals). An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals.

During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested.

While an internal fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Therefore, there is no secondary market for the fund's shares.

Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful. In light of these enhanced risks, a client may direct IC Advisory, in writing, not to purchase interval funds for the client's account.

**Inverse/Enhanced Market Strategies** – IC Advisory may also utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct IC Advisory, in writing, not to employ any or all such strategies for their accounts.

**Investment Technique Risk** – Your portfolio may include investment techniques that may be considered aggressive. Risks associated with the use of options, structured notes, and swap agreements include potentially dramatic price changes (losses) in the value of the instruments and imperfect correlations between the price of the contract and the underlying security or index. These instruments may increase the volatility of the portfolio and may involve a small investment of cash relative to the magnitude of the risk assumed.

**Issuer Specific Risk** – The value of a security may increase or decrease for a number of reasons, which directly relate to the issuer. For example, perceived poor management performance, financial leverage or reduced demand of the issuer's goods or services may contribute to a decrease in the value of a security. A decrease in the value of the securities of an issuer or guarantor of a debt instrument may cause the value of your investment in the portfolio to decrease.

**Leveraging Risk** – Portfolios may achieve leveraged exposure through the use of derivative instruments. The more the portfolio invest in derivative instruments that give rise to leverage, the more this leverage will magnify any losses on those investments. Leverage will cause the value of the portfolio to be more volatile than if the portfolio did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the portfolio's securities or other investments.

Certain types of leveraging transactions, such as short sales that are not "against the box," could theoretically be subject to unlimited losses in cases where the portfolio, for any reason, is unable to close out the transaction. In addition, to the extent the portfolio borrows money, interest costs on such borrowed money may not be recovered by any appreciation of the securities purchased with the borrowed funds and could exceed the portfolio's investment income, resulting in greater losses.



**Liquidity Risk** – In certain circumstances, it may be difficult for the Advisor to purchase and sell particular investments within a reasonable time at a fair price. To the extent that there is not an established retail market for instruments in which the portfolio may invest, trading in such instruments may be relatively inactive.

**Margin Risk** – A margin transaction strategy, in which an investor uses borrowed assets to purchase financial instruments, involves a high level of inherent risk. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by IC Advisory in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the firm may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to IC Advisory. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Market Risk** – Portfolios may invest in public and privately issued securities, which may include common and preferred stocks, bonds, warrants, and rights, as well as derivatives and financial instruments that attempt to track the price movement of securities or commodities indices.

Investments in securities and other financial instruments, in general, are subject to market risks that may cause their prices to fluctuate over time. The portfolio's investments may decline in value due to factors affecting securities, or particular countries, segments, economic sectors, industries or companies within those markets. The value of a security may decline due to general economic and market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions or changes in interest or currency rates. The value of securities convertible into equity securities, such as warrants or convertible debt, is also affected by prevailing interest rates, the credit quality of the issuer and any call provision. Fluctuations in the value of securities and financial instruments in which the portfolio invests will cause the net asset value of the portfolio to fluctuate. Historically, the markets have moved in cycles, and the value of the portfolio's securities and other financial instruments may fluctuate drastically from day to day. Certain investments may be more suitable for long-term investors who can bear the risk of short-term principal fluctuations, which at times may be significant.

**Options** – The buyer of an option acquires the right to buy (a call option) or sell (a put option) a certain quantity of a security (the underlying security) or instrument at a certain price up to a specified point in time. The seller or writer of the option is obligated to sell (a call option) or buy (a put option) the underlying security. When writing (selling) call options on securities, the portfolio may cover its positions by owning the underlying security on which the option is written or by owning a call option on the underlying security.

**The risks associated with a portfolio's use of options contracts include:**

- The portfolio may experience losses that exceed losses experienced by portfolios that do not use options.
- Trading restrictions or limitations may be imposed by an exchange, and government regulations

may restrict trading in options.

- Because option premiums paid or received by the portfolio are small in relation to the market value of the investments underlying the options, buying and selling put and call options can be more speculative than investing directly in securities.

**Portfolio Turnover Risk** – Certain strategies may frequently involve buying and selling portfolio securities to rebalance the portfolio's exposure to various market sectors. Higher portfolio turnover may result in an investor paying higher levels of transaction costs and generating greater tax liabilities. Portfolio turnover risk may cause the portfolio's performance to be less than you expect.

**Private Investment Funds Risk** – Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Sector/Geographic Concentration Risk** – The risk that the securities of, or financial instruments tied to the performance of, issuers in particular sectors that certain portfolios purchase will underperform the market as a whole either by declining in value or failing to perform as well. To the extent that the portfolio's investments are concentrated in issuers conducting business in a particular regulated sector, the portfolio may be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that economic sector.

Portfolios may concentrate its investments in a limited number of issuers conducting business in the same industry or group of related industries. Market conditions, interest rates, and economic regulatory, or financial developments could significantly affect a single industry or a group of related industries, and the securities of companies in that industry or group of industries could react similarly to these or other developments. The prices of certain securities in a particular sector may fluctuate widely due to competitive pressures, increased sensitivity to short product cycles and aggressive pricing, problems relating to bringing their products to market, very high price/earnings ratios, and high personnel turnover due to severe labor shortages for skilled professionals.

Because a significant portion of the assets of certain portfolios may be invested in a specific geographical region, the value of its investments could decline more dramatically as a result of adverse events affecting the specific region. For example, countries in Europe may be significantly affected by the tight fiscal and monetary controls of the European Economic and Monetary Union (EMU).

The risk that the securities of real estate companies that certain portfolios may purchase will underperform the market as a whole. To the extent that the portfolio's investments are concentrated in real estate companies, the investment can be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting real estate companies. Investments in real estate companies may also subject the portfolio to the risks associated with the direct ownership of real estate. The general performance of the real estate industry has historically been cyclical and particularly sensitive to economic downturns. Changes in prevailing real estate values and rental income, interest rates and changing demographics may affect the value of securities of issuers in the

real estate industry. Also, Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while Mortgage REITs may be affected by the quality of the credit extended. In addition to these risks, REITs are dependent on specialized management skills, and some REITs may have investments in relatively few properties, in a small geographic area, or a single type of property.

**Short Sales Risk** – Short sales are transactions in which certain portfolios sell a security they do not own. To complete the transaction, an investor must borrow the security to make delivery to the buyer. The investor is then obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. The price at such time may be higher or lower than the price at which the security was sold by the investor. If the underlying security goes down in price between the time the investor sells the security and buys it back, the underlying portfolio will realize a gain on the transaction.

Conversely, if the underlying security goes up in price during the period, the underlying portfolio will realize a loss on the transaction. Any such loss is increased by the amount of premium or interest the investor must pay to the lender of the security. Likewise, any gain will be decreased by the amount of premium or interest the investor must pay to the lender of the security.

In addition, the portfolio may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the portfolio's open short positions. These expenses negatively impact the performance of the portfolio.

**Structured Note Risk** – IC Advisory may purchase Structured Notes for client accounts. A Structured Note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer. However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. Structured Notes will generally be subject to liquidity constraints, such that the sale thereof before maturity will be limited, and any sale before the maturity date could result in a substantial loss. There can be no assurance that the Structured Notes investment will be profitable, equal any historical performance level(s), or prove successful.

If the issuer of the Structured Note defaults, the entire value of the investment could be lost.

**Value Stocks Risk** – Value stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. Over time, a value investing style may go in and out of favor, causing a portfolio to sometimes underperform other equity funds that use different investing styles. Value stocks can react differently to issuer, political, market and economic developments than the market overall and other types of stock. In addition, a portfolio's value approach carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced.

**Volatility Risk** - The risk that a security, an index or a market fluctuates significantly in price within a short time period. The prices of a portfolio's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and



policies of governments, and national and international political, economic, and social events and policies. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism, or other events, can adversely affect local and global markets and normal market operations and contribute to increased volatility. Market disruptions may exacerbate political, social, and economic risks discussed above.

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin** - The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan** - In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, IC Advisory does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). IC Advisory does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to IC Advisory:

- by taking the loan rather than liquidating assets in the client's account, IC Advisory continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by IC Advisory, IC Advisory will receive an advisory fee on the invested amount; and,
- if IC Advisory's advisory fee is based upon the higher margined account value (*see* margin disclosure at Item 5 below), IC Advisory will earn a correspondingly higher advisory fee. This could provide IC Advisory with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IC Advisory or the integrity of IC Advisory's management.

### **Disclosable Events:**

On September 30, 2019, the Securities and Exchange Commission ("SEC") instituted settled administrative proceedings against ICA in connection with the SEC's Mutual Fund Share Class

Selection Disclosure Initiative addressing fees paid to investment advisers under Rule 12b-1. At times during the period January 1, 2014 to May 31, 2018, ICA purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees. The SEC found that ICA failed to disclose adequately, in its Form ADV or otherwise, the conflicts of interest related to (a) its receipt of 12b-1 fees, and/or (b) its selection of mutual fund share classes that pay such fees where certain mutual fund investments were available for the same fund at a lower cost.

ICA elected to participate voluntarily in the SEC's industry-wide initiative and offered to settle with the SEC regarding the adequacy of disclosure and the selection of certain mutual fund share classes that paid 12b-1 fees. Under the settlement, ICA agreed to (a) cease and desist from committing or causing violations and any future violations of Sections 206(2) of the Investment Advisers Act of 1940; (b) a censure; (c) pay disgorgement and prejudgment interest to affected investors totaling \$1,195,186.20. ICA will distribute to affected clients the attributable 12b-1 fees and interest once the SEC approves the final payment calculations. The SEC did not impose any penalty in recognition of ICA's voluntary participation and self-reporting in the initiative.

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

**Affiliated Broker Dealer.** The Investment Center, Inc., an SEC registered and FINRA member broker-dealer that is under common ownership with IC Advisory. Our relationships with The Investment Center are material to our advisory business and to a client's relationship with IC Advisory, because substantially all of our managed accounts are held with The Investment Center. Most IARs, including certain of IC Advisory's management persons, are registered representatives of The Investment Center. Depending upon the securities registrations held by each individual IAR, an IAR may offer a variety of securities and investments to their clients, including, but not limited to, mutual funds, 529 college savings plans, annuities, individual stocks and bonds, options, limited partnerships, real estate investment trusts, alternative investments, and a variety of other securities and insurance products approved for sale by The Investment Center. As discussed in this Brochure above in Item 5 and below at Item 12, IC Advisory's relationship with The Investment Center presents a variety of material conflicts of interest with its clients. The Investment Center has separate, fully disclosed clearing arrangements with Pershing, a Bank of New York Mellon company. The brokerage commissions charged by The Investment Center may be higher or lower than those charged by other broker-dealers.

IC Advisory may utilize its affiliated broker-dealer for the purchase of equity and fixed income transactions on a fully disclosed principal basis. This presents a potential conflict of interest. However, IC Advisory has determined that utilizing its affiliated broker-dealer for equity and fixed income transactions is consistent with, and fulfills, IC Advisory's obligation of best execution. Such trades will be subject to a client's informed consent, as more fully described in Item 5.

**Affiliated Insurance Agency.** IC Advisory is under common ownership with IC Insurance Services, Inc. Certain of IC Advisory's Principals and IARs are licensed as insurance agents with IC Insurance Services, Inc. or are individually licensed as insurance agents. They may recommend, on a fully disclosed basis, the purchase of certain insurance-related products. IC Advisory's Principal and IARs currently devote approximately ninety percent (90%) of their time to securities and life insurance commission business.

**Conflicts of Interest:** The recommendation that a client purchase securities or insurance products on a commission basis from IC Advisory's affiliates presents a conflict of interest. No client is under

any obligation to purchase any commission products. Clients are reminded that they may purchase securities and insurance products recommended by IC Advisory IARs through other, non-affiliated broker-dealers or insurance agencies.

The recommendation by IC Advisory that a client purchase an insurance commission product from the firm's affiliated insurance agency presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from IC Advisory's affiliated agency. Clients are reminded that they may purchase insurance products recommended by IC Advisory through other, non-affiliated insurance agencies.

**Forgivable Loans.** With certain of IC Advisory's representatives, The Investment Center, Inc. has established forgivable and repayable loans, which constitute additional economic benefits (the "Forgivable Loans") for the recipients. The terms of the Forgivable Loans vary by representative. All Forgivable Loan recipients are mandated to maintain affiliation with The Investment Center, Inc. for a proscribed period of time in order to receive loan forgiveness. In addition, certain of the Forgivable Loan recipients have sales production requirements in order to receive loan forgiveness. The receipt of the Forgivable Loans, therefore, presents a conflict of interest, as IC Advisory's relevant representatives are incentivized to remain affiliated with The Investment Center, Inc. during the term of the Forgivable Loans. In some instances, the arrangement also provides an incentive to recommend that clients utilize the services of The Investment Center, Inc. in an effort to meet the production requirements necessary for loan forgiveness, rather than basing such recommendation on the client's best interests. Clients are reminded that they are under no obligation to purchase securities commission products through The Investment Center, Inc. and/or from any of IC Advisory's representatives.

Several of IC Advisory's investment adviser representatives are also owners of and/or investment adviser representatives of other registered investment advisers. These firms include:

- Krempa Associates, Inc.
- Prometheus Capital Management Corp.
- McClure Financial Planning
- Good Harbor Advisors, Inc.
- Adair Financial Private Client Group, LLC

The recommendation by IC Advisory and/or one of IC Advisory's investment adviser representatives that a client seek investment advisory services from one of the aforementioned advisers presents a potential conflict of interest, as IC Advisory and/or its representatives could have the incentive to make such a recommendation based on fees received from that client, rather than on that particular client's needs. Accordingly, IC Advisory and its representatives generally do not refer clients to other advisory firms to receive investment advisory services. Clients are reminded that they are not under any obligation to pursue investment advisory services from any adviser recommended by IC Advisory and/or its representatives.

**Tax Preparation/Accounting Firms.** Certain of IC Advisory's representatives may provide tax preparation and/or accounting services to clients of IC Advisory and/or The Investment Center for compensation. In such instances, all such services are provided by the relevant representative's separate tax preparation and/or accounting firm(s) and all compensation for such services is paid to the relevant firm. IC Advisory receives no portion of this compensation. These representatives are free to establish their own compensation structures for their services and may offer incentives,

credits, or provide fee waivers when providing such services. The recommendation by IC Advisory and/or IC Advisory's representatives that a client utilize the services of one or more of these tax preparation and/or accounting firms presents a conflict of interest, as the recommendation could be made on the basis of compensation to be received, rather than on any particular client's need. No client is under any obligation to engage the services of any such firms.

## **Item 11 – Code of Ethics**

IC Advisory has implemented an investment policy relative to personal securities transactions. This investment policy is part of IC Advisory's overall Code of Ethics which serves to establish a standard of business conduct for all of IC Advisory's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. All supervised persons at IC Advisory must acknowledge the terms of the Code of Ethics annually, or as amended.

In accordance with Section 204A of the Investment Advisers Act of 1940, IC Advisory also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by IC Advisory or any person associated with IC Advisory.

IC Advisory anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which IC Advisory has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which IC Advisory, its affiliates and/or clients, directly or indirectly, have a position of interest. IC Advisory's employees and persons associated with IC Advisory are required to follow IC Advisory's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of IC Advisory and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for IC Advisory's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of IC Advisory will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of IC Advisory's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between IC Advisory and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with IC Advisory's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. IC Advisory will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

IC Advisory's clients or prospective clients may request a copy of the firm's Code of Ethics by

contacting IC Advisory's Chief Compliance Officer, Douglas A. Wright.

If IC Advisory engages in principal transactions for client accounts it will comply with Section 206(3) of the Investment Advisers Act. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. For a complete description of the conflicts of interests this presents and how IC Advisory handles these conflicts see Item 5 above.

IC Advisory will also not cross trades between Client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

Please see the responses set forth in Items 10 and 16 relative to IC Advisory's discretionary authority, affiliated broker-dealer, and insurance services. Additionally, IC Advisory may recommend additional broker-dealers/custodians.

### **How We Select Brokers/Custodians to Recommend**

In the event that the client requests that IC Advisory recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct IC Advisory to use a specific broker-dealer/custodian), the firm generally requires that managed accounts be held at Pershing, LLC and introduced by The Investment Center. Substantially all of IC Advisory's clients maintain accounts with The Investment Center. Prior to engaging IC Advisory to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with the firm setting forth the terms and conditions under which the firm shall manage the client's assets, and may also be required to enter a separate custodial/clearing agreement with their broker-dealer/custodian.

Factors that IC Advisory considers in recommending Pershing (or any other broker-dealer/custodian to clients) include historical relationship with IC Advisory, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by IC Advisory's clients shall comply with the firm's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the firm determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although IC Advisory will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Except with respect to wrap fee program accounts, the brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, IC Advisory's investment management fee.

Not all investment advisers have affiliated broker-dealers that require their clients to use a related

broker-dealer to open accounts and execute transactions. IC Advisory's relationship with Pershing provides The Investment Center with substantial economic benefits by using itself as the broker-dealer and Pershing as the clearing firm rather than an unaffiliated broker-dealer. As described in Item 5 above, The Investment Center adds a markup to transaction costs and certain other brokerage account charges and fees that are assessed to client accounts. This creates substantial financial benefits for IC Advisory and a conflict of interest with clients because The Investment Center has a substantial economic incentive to use Pershing as its clearing firm for trade execution and custody over other firms that do not or would not revenue share with The Investment Center. Additionally, by using The Investment Center as the broker-dealer for its accounts, IC Advisory may be unable to achieve the most favorable execution for client transactions, which may cost clients more money. The Investment Center's agreement with Pershing provides cash incentives for new asset growth in its customer's assets on the Pershing platform. This includes IC Advisory's clients' accounts. The Investment Center stands to receive \$500,000 for each \$500,000,000 in net new asset growth not to exceed a cumulative amount of \$3,500,000.

This additional compensation received by The Investment Center creates a significant conflict of interest with IC Advisory's clients because IC Advisory and The Investment Center have a substantial economic incentive to use Pershing as its clearing firm for trade execution and custody over other firms that do not or would not revenue share with The Investment Center. Additionally, by using The Investment Center as the broker-dealer for managed accounts, The Investment Center may be unable to achieve the most favorable execution for client transactions, which may cost clients more money.

Further detailed discussion of the substantial economic benefits The Investment Center receives from its relationship with Pershing can be found in Item 5 and in Item 14. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about The Investment Center's and an IAR's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by IC Advisory and their IARs.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, IC Advisory may receive from Pershing (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist the firm to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by IC Advisory may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted and/or gratis consulting services, discounted and/or gratis attendance at conferences, discounted and/or gratis software, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by IC Advisor in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist IC Advisory to manage and further develop its business enterprise.

IC Advisory's clients do not pay more for investment transactions effected and/or assets maintained at Pershing as a result of this arrangement. There is no corresponding commitment made by the firm



to Pershing or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

### **Broker Referrals**

IC Advisory does not receive referrals from broker-dealers, with the exception of the firm's affiliated broker-dealer The Investment Center, Inc., as discussed in Item 10 above.

### **Directed Brokerage**

IC Advisory does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and IC Advisory will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by the firm. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs IC Advisory to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through IC Advisory. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### **Order Aggregation**

To the extent that IC Advisory provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless IC Advisory decides to purchase or sell the same securities for several clients at approximately the same time. The firm may (but is not obligated to) combine or "bunch" such orders to seek 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 have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. IC Advisory shall not receive any additional compensation or remuneration as a result of such aggregation.

**IC Advisory does not maintain soft dollar arrangements.**

## **Item 13 – Review of Accounts**

For those clients to whom IC Advisory provides investment supervisory services, account reviews are conducted on an ongoing basis by IC Advisory's Principals and Associated Persons. All investment supervisory clients are advised that it remains their responsibility to advise IC Advisory of any

changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with IC Advisory on an annual basis.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom IC Advisory provides investment supervisory services will also have the opportunity to download/print an electronic report from IC Advisory summarizing account activity and performance no less than quarterly.

### **Financial Planning Services**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **Consulting Services**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

Consulting Services clients will not typically receive reports due to the nature of the service.

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

### **Referral Arrangements**

If a client is introduced to IC Advisory by either an unaffiliated promoter or an affiliated promoter, IC Advisory will pay that promoter a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940 (the “Marketing Rule”). Unless otherwise disclosed, any such referral fee is paid solely from IC Advisory’s investment management fee and does not result in any additional charge to the client. However, because our IARs generally negotiate their advisory fees with clients, a client introduced by a promoter may pay more than other clients of the firm. However, in most instances, they will pay the same rate as other clients being serviced by that IAR.

If the client is introduced by an unaffiliated promoter, the promoter is required to provide the client with IC Advisory’s written brochure(s) and a copy of a promoter’s disclosure statement containing the terms and conditions of the promoter arrangement. Any affiliated promoter of IC Advisory is required to disclose the nature of his or her relationship to prospective clients at the time of the promotion and will provide all prospective clients with a copy of the firm’s written brochure(s) at the time of the promotion.



## **Additional Economic Benefits**

### **Sponsor Companies and Partnership Programs**

IC Advisory has discussed in Items 5 and 12 above certain economic benefits it receives from Pershing.

IC Advisory offers access to a broad selection of securities products, including mutual funds, ETFs, variable insurance products, 529 Savings Plans, direct participation programs, and nontraded alternative investments ("Sponsor Companies"). The Sponsor Companies for many of the products we sell participate in activities that are designed to help facilitate the distribution of their products. These companies often pay the travel, meals, and lodging expenses for IC Advisory IARs to attend educational programs and due diligence meetings designed to help IARs be more knowledgeable about those companies' products, operations, and management. These companies also often provide other forms of compensation to IC Advisory IARs relating to the sale and distribution of their products, including merchandise, gifts, prizes, and entertainment such as tickets to sporting events and leisure activities, as well as payment or reimbursement for the costs of business development expenses, client seminars, client appreciation events, software, and marketing materials designed to help promote the advisor's business.

In addition to the support that Sponsor Companies provide directly to IC Advisory IARs, IC Advisory maintains a Partnership Program that allows Sponsor Companies with an opportunity to present at our national and regional conferences and provides direct access to our senior management. Each subscriber is provided opportunities to spend time with IARs, present at conferences, and ultimately try to convince our IARs to use their products or services. Partnerships to speak at or maintain a booth are relatively low-cost options, while Platinum sponsorships can be upwards of \$75,000. These partnership payments are in addition to any transaction-based compensation that The Investment Center may receive from a product's sponsor (i.e., customary commissions, 12b-1 fees, and distribution fees).

These payments are made by each partner or their affiliate from their own assets and not from client assets. No portion of the payments made by partners is paid from brokerage commissions generated by the purchases of any specific investment. None of the payments received from partners are paid to or shared with any IAR. IARs do not receive a greater or lesser commission or advisory fee for sales of these partners' products. Because IARs do not receive direct increases or changes in compensation from selling a certain partner's products, we do not believe The Investment Center's receipt of these payments presents a conflict of interest for an IAR to recommend one partner's products over another's. The financial support, marketing support, participation in due diligence meetings and educational activities, and gifts and entertainment received by IARs that are paid for by Sponsor Companies do, however, create a conflict of interest for IARs who receive this compensation because they incentivize our IARs to focus more on or otherwise recommend or promote the products of those Sponsor Companies that provide this compensation to the advisor over those that do not.

Additional information describing the support and annual payments provided by partners to The Investment Center is provided on the Strategic Partner Disclosure, which is available on our website at <https://www.investmentctr.com/client/disclosures/education-partner-disclosure>.

## **Platform Provider Payments**

IC Advisory have entered into a number of agreements that compensates IC Advisory depending on the amount of assets that are maintained on the Platform Provider Platforms (currently - SEI, Orion, Beacon, Assetmark, and Envestnet). These Platforms pay an annual marketing support fee of between 0.01% to 0.10% of net new assets (with the exception of Envestnet – total assets under management).

In addition, AssetMark provides IC Advisory with a bonus based on the number of new producing IARs that use the platform. These payments are not shared with IARs. Because IARs do not receive direct changes in compensation from recommending the use of the AssetMark platform, we do not believe these payments presents a conflict of interest for an IAR to recommend AssetMark. However, the receipt of this compensation by IC Advisory does create a conflict of interest, because it can impact its scrutiny of the platform's overall investment performance.

## **Item 15 – Custody**

IC Advisory has the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. IC Advisory may also provide a written periodic report summarizing account activity and performance. IC Advisory urges you to carefully review statements that are provided to you.

To the extent that IC Advisory provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by IC Advisory with the account statements received from the account custodian. The account custodian does not verify the accuracy of IC Advisory's advisory fee calculation.

**Custody Situations:** IC Advisory engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

## **Item 16 – Investment Discretion**

IC Advisory usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, IC Advisory observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to IC Advisory in writing.

### **Item 17 – Voting *Client* Securities**

As a matter of firm policy and practice, IC Advisory does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. IC Advisory may provide advice to clients regarding the clients' voting of proxies.

The Client shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Assets. Advisor is authorized to instruct the Custodian to forward to the Client copies of all proxies and shareholder communications relating to the Assets.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about IC Advisory's financial condition.

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