

Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure

Integrated Financial Strategies Wrap Fee Program

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Integrated Financial Strategies, LLC

**360 SE 12th
Pompano Beach, FL 33060**

**Telephone: 704-643-5000
Facsimile: 704-943-7296
Website: www.ifsinvest.com**

This brochure provides information about the qualifications and business practices of Integrated Financial Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at 704-643-5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Integrated Financial Strategies, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Integrated Financial Strategies, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated January 23, 2023, there have been the following material changes to report:

1. Kathleen Pratt is the new Chief Compliance Officer of the firm
2. TD Ameritrade, Inc. has merged with Charles Schwab & Co., Inc. ("Schwab"). All existing TD Ameritrade, Inc. accounts were transferred to Schwab's platform.

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Item 4 Services, Fees, and Compensation

Integrated Financial Strategies, LLC is a registered investment adviser based in Pompano Beach, Florida. We are organized as a limited liability company under the laws of the State of North Carolina. Kelly Gene Burke is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Integrated Financial Strategies, LLC and the words "you", "your" and "client" refer to you as a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Client Investment Process

We provide discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or through trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Assets for program accounts are held at Charles Schwab & Co., Inc. (Schwab) as custodian. Schwab also acts as executing broker/dealer for transactions placed in Program accounts, and provides other administrative services as described throughout this Brochure. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Schwab and the advisory fees charged by investment advisers.

Changes in Your Financial Circumstances

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. It is your responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

The Program Fee

We charge an annual "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our Program fee includes the fee we pay to any portfolio manager for their management of your account and Schwab's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

On an annualized basis, our Program fees are as follows:

<u>Account Value:</u>	<u>Maximum Fee:</u>
\$1 to \$250,000	1.75%
\$250,001 to \$750,000	1.50%
\$750,001 to \$1,250,000	1.35%
\$1,250,001 and up	1.15%

As a client, you should be aware that the wrap fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above. In limited circumstances, we may charge advisory fees that slightly exceed our standard tiered fee scheduled (noted above) where the client relationship is more complex in nature and/or requires additional advisory assistance.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last trading day of the previous quarter. For the initial quarter of portfolio management services, the first quarter's fees will be calculated on a pro rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. If you become a client after the first day of a calendar quarter, your fees will be billed in arrears for that quarter only and then quarterly in advance for all subsequent calendar quarters.

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

If you have any questions about the statement(s) you receive from the qualified custodian call our main office number located on the cover page of this brochure

Termination of Advisory Relationship

You may terminate the wrap fee program agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of accounts held at Schwab, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

Wrap Fee Program Disclosures

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.

Additional Fees And Expenses

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Unless you are a participant in our wrap fee program, you will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not

share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

Brokerage Practices

Custodians

We recommend the brokerage and custodial services of unaffiliated securities broker-dealers, such as the institutional division of Charles Schwab & Co., Inc. (Schwab), among others. All recommended companies are unaffiliated, qualified custodians and are registered securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that recommended broker-dealers/custodians provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers/custodians, including the value of research provided, the company's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers/custodians provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Our firm participates in the Schwab Institutional program. Schwab Institutional is a division of Charles Schwab & Co., Inc. (Schwab) member FINRA/SIPC/NFA. Schwab offers services to independent investment advisers, which include custody of securities, trade execution, clearance, and settlement of transactions. Our firm receives research and benefits from Schwab through our participation in the program.

Research and Other Soft Dollar Benefits

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are not considered to have been paid for with "soft dollars."

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Assets Under Management

As of March 27, 2023, we provide continuous management services for approximately \$320,000,000 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis.

Item 5 Account Requirements and Types of Clients

We offer investment advisory services to individuals, high net worth individuals and corporations.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

Item 6 Portfolio Manager Selection and Evaluation

We are the sponsor and sole portfolio manager for the Program.

Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Methods of Analysis, Investment Strategies and Risk of Loss

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

- **Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

- **Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

- **Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's

value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our investment process is based on the fundamental value of a firm's equity or bonds. We look to purchase securities that exhibit a current market value that is substantially less than our view of intrinsic value. We are prepared to hold those assets as long term (multiple years) positions. Our sell discipline is governed by changes in macro circumstances or our determination of a securities full valuation. Our goal is to mitigate risk by diversification and by mixing in securities with a low correlation to the stock market when appropriate.

Integrated Financial Strategies, LLC always considers the client's stated goals, investment time horizon, and risk tolerance when constructing that individual client's portfolio. We believe diversification among asset classes and industry sectors is a primary component of portfolio construction. We recommend investments primarily in individual stocks, individual bonds, mutual funds and exchange traded funds (ETFs).

The first component of client portfolio construction is determining what percentage of funds will be held in stocks (equities), bonds (fixed income), and cash. Within equity allocations, assets are allocated to Large Cap companies, Small and Mid Cap companies, and Foreign owned companies. Equity investments will generally be the more volatile portion of the portfolio, with a long term goal of capital appreciation. Fixed income investments are generally expected to be more stable and less volatile than equities, but may also experience volatility due to rising interest rates or changes in credit standing. Fixed Income investments are used primarily to generate interest income as well as provide stability to the portfolio. Generally, more aggressive portfolios will have more equities and fewer fixed income investments, while more conservative portfolios will have fewer equities and more fixed income investments.

Many of our client portfolios will invest in individual stocks. When buying individual stocks, we primarily invest in Large Cap companies for which significant amounts of information and financial data are readily available for analysis. These stocks tend to have larger number of shares traded on a daily basis, which provides for greater liquidity should the adviser wish to sell the security. Our investment plans diversify stocks among industry sectors (for example, Information Technology, Energy, and Industrials). In total there are 10 industry sectors in which we typically invest. We attempt to further control risk by investing in several stocks within each sector so that no single company becomes a concentrated holding.

No amount of diversification or asset allocation can guarantee a portfolio will not experience volatility or loss of principal. More aggressive portfolios, which are predominately equity weighted, will have greater potential for capital appreciation, but in return for this opportunity must accept greater volatility and loss potential. We do not try to "time the market" by jumping in and out of stocks or day trading portfolios. We believe the most appropriate time to make significant changes to a portfolio allocation is when a client's goals or tolerance for risk changes.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. Our investment advisers attempt to manage portfolios in a tax efficient manner, as lowering taxes can be an extremely important part of increasing a client's overall return. We generally consider each client's tax situation before purchasing securities or making trades, however, there will certainly be instances where our management will result in a tax burden to the client due to realized gains, interest or dividend income or other factors. We strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax adviser to determine if this accounting method is the right choice for you. If your tax adviser believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder. In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 7 Client Information Provided to Portfolio Managers

As required, in order to provide the Program services, we will provide your private information to your account custodian, Schwab. We may also provide your private information to mutual fund companies and/or private managers. We will only share the information necessary in order to carry out our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy as described below.

Privacy Policy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, insurance agencies and insurance companies, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Item 8 Client Contact with Portfolio Managers

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account.

Item 9 Additional Information

Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Other Financial Industry Activities and Affiliations

Persons providing investment advice on behalf of our firm may be licensed as independent insurance agents and/or registered representatives of Fortune Financial Services, Inc. Commissions earned by these persons are separate and in addition to our advisory fees. These practices present a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents and/or registered representatives may have an incentive to recommend insurance or securities products to you for the purpose of generating commissions. You are under no obligation, contractually or otherwise, to purchase insurance or securities products through any person affiliated with our firm.

Code of Ethics

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Review of Accounts

We monitor client portfolios as part of an ongoing process while account reviews are conducted at least annually. The reviews are designed to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

The investment adviser representative assigned to your account(s) will monitor your accounts on an ongoing basis and will conduct account reviews at least quarterly or more frequently upon your request.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Client Referrals and Other Compensation

Please refer to the *Brokerage Practices* section for disclosures on research and other benefits we may receive resulting from our relationship with Schwab and/or Fortune Financial Services, Inc.

As disclosed above, some persons providing investment advice on behalf of our firm are licensed insurance agents. In addition, a number of our employees may be registered representatives with Fortune Financial Services, Inc. a securities broker-dealers.

Block Trades

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Other Compensation/Additional Services

Our firm (Adviser) participates in the institutional adviser program (the "Program") offered by Schwab Institutional. Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. Schwab offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from Schwab through its participation in the Program.

As disclosed above, Adviser participates in Schwab's institutional customer program and Adviser may recommend Schwab to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its Clients, although Adviser receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Adviser by third party vendors. Schwab may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by Schwab through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of Schwab for custody and brokerage services.

Adviser also receives from Schwab certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisers participating in the program. Specifically, the Additional Services include Morningstar.

Schwab provides the Additional Services to Adviser in its sole discretion and at its own expense, and Adviser does not pay any fees to Schwab for the Additional Services. Adviser and Schwab have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Adviser's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Adviser, Schwab most likely considers the amount and profitability to Schwab of the assets in, and trades placed for, Adviser's Client accounts maintained with Schwab. Schwab has the right to terminate the Additional Services Addendum with Adviser, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from Schwab, Adviser may have an incentive to recommend to its Clients that the assets under management by Adviser be held in custody with Schwab and to place transactions for Client accounts with Schwab. Adviser's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

Financial Information

We are not required to provide a balance sheet or other financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.

Item 10 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.