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**March 29, 2019**

This **Wrap Fee Program Brochure** ["Brochure"] provides information about IC Advisory Services, Inc.'s ["IC Advisory"] wrap fee program. 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 Wrap Fee Brochure [or “Brochure”], dated March 28, 2019, provides you with a summary of IC Advisory Services, Inc.’s wrap fee programs. 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.

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 Wrap Fee Brochure dated March 29, 2018:

**Since IC Advisory’s last annual amendment filing dated March 29, 2018, this Wrap Fee Brochure has been materially amended at Item 9 to disclose a new affiliated investment advisory firm and to discuss the conflicts of interest created by such affiliation. Although not material, this Wrap Fee Brochure has also been revised at Items 4, 5, and 9 to increase and enhance disclosures, including a discussion of practices with respect to the receipt of servicing fees.**

IC Advisory will further provide you with a new Brochure as necessary based on changes or new information, at 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 [www.investmentctr.com/wrap-fee-brochure](http://www.investmentctr.com/wrap-fee-brochure) , 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 IC Advisory who are registered, or are required to be registered, as investment adviser representatives of IC Advisory.



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## Item 4 – Services, Fees and Compensation

As discussed below in this Brochure, IC Advisory provides its Clients (i.e. 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) with investment management services on both a discretionary and non-discretionary basis.

### 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.

Pursuant to the IAM and Choice programs, the Advisor, in conjunction with custodial, clearing, and reporting services to be provided by Pershing LLC (or other qualified custodian) shall recommend that a Client allocate his/her/its assets among various investment choices in accordance with the Client's stated objectives. The terms and conditions of the IAM and Choice programs shall be 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 the following securities:

#### **(Note - model portfolios generally will not include insurance and partnership interests)**

- 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 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 certain 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, through IC Advisory's Client-designated financial advisor, grants IC Advisory 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.

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***

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.

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. The Choice 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 in the Choice Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. See available Choice customized non-wrap arrangement discussed below.

For the above Programs (IAM, Choice), the management fee shall be prorated and paid quarterly, in advance, based upon the market value of the Assets on the last business day of the previous calendar quarter. No increase in the management fee shall be effective without prior written notification to the Client.

In addition to the management fee, the Client shall also incur, relative to investments in mutual funds or ETFs, charges imposed directly at the fund level (e.g. fund management 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 for 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 wrap 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 wrap fee shall be pro-rated through the date of termination, and any remaining balance (if any) shall be promptly refunded to the Client.

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 (will pay) a separate commission.

**Mutual Fund Asset Allocation Programs (Choice)** - IC Advisory may allocate investment management assets of its Client accounts, on a discretionary basis, among one or more of its mutual fund asset allocation programs (i.e. Growth, Moderate, Conservative, Growth & Income, and Current Income) as designated on the Investment Advisory Agreement. IC Advisory's proprietary programs 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. In accordance with Rule 3a-4, the following disclosure is specifically applicable to IC Advisory's management of Client assets:

- 1. Initial Interview** – at the opening of the account, IC Advisory, through its designated representatives, shall obtain from the Client information sufficient to determine the Client’s financial situation and investment objectives;
- 2. Individual Treatment** – the Client’s account is managed on the basis of the Client’s financial situation and investment objectives;
- 3. Quarterly Notice** – at least quarterly IC Advisory shall notify the Client to advise IC Advisory whether the Client’s financial situation or investment objectives have changed, or if the Client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
- 4. Annual Contact** – at least annually, IC Advisory shall contact the Client to determine whether the Client’s financial situation or investment objectives have changed, or if the Client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
- 5. Consultation Available** – IC Advisory shall be reasonably available to consult with the Client relative to the status of the Client’s account;
- 6. Quarterly Statement** – the Client shall be provided with a quarterly report for the account for the preceding period;
- 7. Ability to Impose Restrictions** – the Client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct IC Advisory not to purchase certain mutual funds;
- 8. No Pooling** – the Client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the Client’s account;
- 9. Separate Account** - a separate account is maintained for the Client with the Custodian; and
- 10. Ownership** – each Client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

IC Advisory’s annual investment management fee may be higher or lower than that charged by other investment advisers offering similar services/programs. IC Advisory’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual Client in a taxable account.

**Please Note:** IC Advisory’s investment advisory fee is 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 as set forth above. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by IC Advisory to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

**All fees for Advisory Services as described above are subject to negotiation.**

The specific manner in which fees are charged by IC Advisory is established in a Client's written agreement with IC Advisory. IC Advisory will generally bill its fees on a quarterly basis. Clients are billed in advance each calendar quarter. Clients authorize IC Advisory to directly debit fees from Client accounts. Wrap 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.

When managing a client's account on a wrap fee basis, IC Advisory shall 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, whereby 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 Representatives charge fees for their services, which will vary from Representative to Representative depending on various factors, including the size of the Client's account relationship and the consulting services provided to Clients. Generally, Representatives are compensated for their services a portion of the total wrap fee charged to the Client (typically between 0.25% and 2.50% for IAM; between 0.30% and 1.5% for Choice). In addition, the Program Fee may be higher or lower than those charges by other sponsors of comparable wrap fee programs. The amount of the Representative's compensation may be more than what the Representatives would receive if the Client participated in other programs offered through IC Advisory or paid separately for investment advice, brokerage, and other services. The Representative may have a financial incentive to recommend the IAM/Choice program over other programs or services.

IC Advisory 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 engages in principal transactions through its affiliated broker dealer—the Investment Center, Inc. This practice may present a conflict of interest between IC Advisory Services and the client as IC Advisory, 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 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;
4. send to the clients confirmation statements disclosing the capacity in which IC Advisory has acted (agency or principal);

### **Important Miscellaneous Information**

**Investment Risk:** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by IC Advisory) will be profitable or equal any specific performance level(s).

**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.

**Asset Based Pricing Limitations:** 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 transactions 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.

**12b-1 Fees – Advisory Clients:** When IC Advisory IARs recommend or select certain mutual funds for advisory clients, The Investment Center will receive 12b-1 fees which are payable out of the assets of the mutual fund during the period that the client maintains the mutual fund investment. Mutual funds with 12b-1 fees are generally more expensive than those funds without such fees. The 12b-1 fees are in addition to IC Advisory's investment management fee. 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 for more information.

***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, LLC 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.

**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. Thus, 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.

**Please Note: Fee Differentials.** We shall generally price our advisory services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, the level and scope of the overall investment advisory services to be rendered, negotiations, and other factors. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by IC Advisory to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Retirement Plan Rollovers – No Obligation / 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 a new (or increase its current) advisory fee as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by IC Advisory.

**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 periodic comprehensive 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"). 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.

Also, 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.

**Use of Mutual Funds:** 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.

**Cash Positions:** 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. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating IC Advisory's advisory fee.

**Disclosure Statement:** Copies of IC Advisory's Brochure, shall be provided to each client prior to or contemporaneously with the execution of the Financial Planning Agreement or the Investment Advisory Agreement. Each year thereafter, within 120 days of IC Advisory's fiscal year end, the client will receive either a free updated Brochure that includes a summary of material changes or a summary of material changes that includes an offer to provide a copy of the updated Brochure and information on how a client may obtain the Brochure.

**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 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.

**Please Note:** 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.

**Please Also Note-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., 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.

**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).

**Portfolio Activity.** IC Advisory has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, IC Advisory will review client portfolios on an ongoing 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. Of course, as indicated below, there can be no assurance that investment decisions made by IC Advisory will be profitable or equal any specific performance level(s).

**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.

### **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 – Account Requirements and 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.

IC Advisory, in its sole discretion, may reduce or waive 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 6 – Portfolio Manager Selection and Evaluation**

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, Inc. 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 (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 Services, Inc. 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.

Typically, investors are charged a fee based on assets for the management of their account and financial planning services can be either charged by the plan or an hourly fee.

### **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 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/Implementation**

In the event the client determines to implement investment recommendations through IC Advisory, on a fee basis, IC Advisory shall charge an annual investment management fee 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.

IC Advisory's annual investment management fee shall be pro-rated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. 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. However, IC Advisory, in its sole discretion, may waive or require a lesser minimum or charge a lesser management fee based upon certain criteria (i.e., pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, negotiations with client, etc.).

### **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.

Pursuant to the IAM and Choice programs, the Advisor, in conjunction with custodial, clearing, and reporting services to be provided by Pershing LLC (or other qualified custodian) shall recommend that a client allocate their assets among various investment choices in accordance with the client's stated objectives. The terms and conditions of the IAM and Choice programs shall be 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 the following securities:

### **(Note - model portfolios generally will not include insurance and partnership interests)**

- 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 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 certain 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, through IC Advisory's client-designated financial advisor, grants IC Advisory 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.

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***

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.

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. The Choice 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 in the Choice Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs. See available Choice customized non-wrap arrangement discussed below.

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

IC Advisory will provide clients with a similar level of service and investment options as with the IAM and Choice Programs, but, rather than paying one specified fee, the client account will incur separate advisory and brokerage fees, and the client account will not be eligible for unlimited trading under one fee. Instead, the client's account will incur separate charges for IC Advisory's advisory fee, the custodian's custodial fee, and the broker-dealer's brokerage 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. IC Advisory does not review or monitor the initial decision by a client to enter into a wrap or non-wrap program. Clients are responsible for discussing their inclination for active versus passive management in their potential and the potential for fees caused by trading activity within their account with their advisor and select a program that is right for them.

### ***IC Focus One Portfolios***

IC Advisory provides portfolio management services through CLS Investments, LLC's *AutoPilot*, an automated, online investment management platform for use by advisors and sponsored by CLS Investments, LLC (the "Program"). IC Advisory has branded the Program as IC Focus One Portfolios. Through the Program, IC Advisory offers clients a range of investment strategies. The client's portfolio is held in a brokerage account opened by the client.

IC Advisory, and not CLS Investments, LLC, are the client's investment advisor and primary point of contact with respect to the Program. IC Advisory is responsible for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

IC Advisory has contracted with CLS Investments, LLC to provide it with the technology platform and related trading and account management services for the Program. This platform enables IC Advisory to make the Program available to clients online and includes a system that automates certain key parts of the IC Advisory investment process (the "System"). The System includes an online questionnaire that helps IC Advisory determine the client's investment objectives and risk

tolerance and select an appropriate investment strategy and portfolio. Clients should note that IC Advisory will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The System also includes an automated investment engine through which IC Advisory manages the client's portfolio on an ongoing basis through automatic rebalancing. Clients pay fees to CLS Investments, LLC in connection with the Program. IC Advisory also charges clients a fee for its services as described in IC Advisory's Form ADV Part 2A at Item 5.

Clients are responsible for costs of trade execution in addition to fees paid to IC Advisory. However, to the extent available, we utilize ETFs that do not charge trade execution fees. Custodians may require a minimum holding period for securities purchased commission-free through this strategy. Consequently, you may be charged a short-term trading fee if the minimum holding period is not met. Please contact your custodian for more information regarding these fees. IC Advisory will not charge a total annual advisory fee in excess of 1.15% for this offering. IC Advisory pays CLS Investments, LLC a portion of the overall advisory fee for its services under this offering. The fee charged by IC Advisory may be more or less than equivalent automated asset programs.

### **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:

- AssetMark / Genworth
- Beacon Capital (Dimensional Fund Advisors - DFA)
- Brinker Capital
- BTS Asset Management
- Clark Capital Management Group (affiliate of AssetMark)
- Clark Lanza Skalla (CLS)
- Dunham & Associates
- Envestnet
- Hanlon Investments
- Horizon Investments, LLC
- Lockwood Advisors, Inc
- Navellier
- City National Rochdale
- Saratoga Asset Management
- SEI
- Symmetry (Dimensional Fund Advisors - DFA)
- Toews Corporation
- Morningstar
- FTJ Fund Choice
- Breckenridge
- Flexible Plan
- ITS Asset Management
- Manning & Napier
- Meeder Financial
- The Pacific Financial Group

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 for 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.

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)-3 of the Investment Advisers Act of 1940.

### **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**

In the event the client desires to purchase securities on a non-discretionary commission basis, the client can engage IC Advisory's Principals and/or Associated Persons, in their individual capacities as registered representatives of IC Advisory's affiliated broker-dealer, The Investment Center, Inc., an SEC registered and FINRA member broker-dealer that is under common ownership with IC Advisory. In the event the client chooses to purchase investment products through IC Advisory's Principals and/or Associated Persons, in their individual capacities as registered representatives, brokerage commissions will be charged to effect securities transactions, a portion of which commissions shall be paid to IC Advisory's Principals and/or Associated Persons, as applicable.

Prior to effecting any transactions, the client will be required to enter into an agreement with The Investment Center. The brokerage commissions charged by The Investment Center may be higher or lower than those charged by other broker-dealers. In addition, IC Advisory, The Investment Center, as well as IC Advisory's Principals and/or Associated Persons (as applicable), relative to commission mutual fund purchases, may also receive 12b-1 fees directly from the mutual fund company during the period that the client maintains the mutual fund investment. The recommendation by IC Advisory's Principals and/or Associated Persons that a client purchase a mutual fund which pays 12b-1 fees presents a conflict of interest, as the recommendation could be made on the basis of compensation to be received, rather than basing such recommendation on a particular client's need. See Item 9 for further discussion.

## **Unaffiliated Private Investment Funds**

IC Advisory representatives, in their separate capacities as registered representatives of The Investment Center, Inc. ("TIC"), an affiliated SEC registered and FINRA member broker-dealer, may also offer clients investments in unaffiliated private investment funds on a non-discretionary commission basis.

**Please Note:** 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.

**Please Also Note: 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).

**Conflict of Interest:** The recommendation that a client purchase securities and/or insurance products on a commission basis from IC Advisory's affiliated broker-dealer representatives presents a conflict of interest. No client is under any obligation to purchase any such commission products. Clients are reminded that they may purchase securities and insurance products recommended by IC Advisory representatives through other, non-affiliated broker-dealers and/or insurance agents.

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.

**IC Advisory's Chief Compliance Officer, Douglas A. Wright, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**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 on or capital appreciation of the assets of a client).

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

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.

**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 may

be 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 as well 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 coupon payments 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.

**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.

**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. **Please note:** 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** – Certain portfolios may invest in commodity, currency and financial-linked structured notes to a significant extent. Commodity-linked structured notes provide exposure, which may include long and/or short exposure, to the investment returns of “real assets” (i.e., assets that have tangible properties such as oil, gold and silver) that trade in the commodities markets without investing directly in physical commodities. The performance of these notes is determined by the price movement of the commodities underlying the note. Currency and financial-linked structured notes provide exposure to the investment returns of currencies and financial instruments. The fees associated with a structured note, which are embedded in the price of the structured note may lead to increased tracking error. In addition, a highly liquid secondary market may not exist for the structured notes, and there can be no assurance that one will develop.

**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.

### **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. Advisor is authorized to instruct the Custodian to forward to the Client copies of all proxies and shareholder communications relating to the Assets.

### **Item 7 – Client Information Provided to Portfolio Managers**

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.

## **Item 8 – Client Contact with Portfolio Managers**

Clients are encouraged to contact their Financial Adviser as often as they deem appropriate.

## **Item 9 – Additional 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 Event:**

On or about August 1, 2007, IC Advisory Services, Inc. notified staff of the Division of Licensing for the State of Pennsylvania that it had inadvertently failed to register at least one employee as an Investment Advisor Representative in Pennsylvania. IC Advisory, without admitting or denying the allegations, submitted an offer of settlement to the commission for the purpose of settling this proceeding and agreed to pay \$1,500 in legal costs and \$10,000 (as an administrative assessment) to the commonwealth of Pennsylvania.

### **Other Financial Industry Activities and Affiliations**

IC Advisory is under common ownership with The Investment Center, Inc., an SEC registered and FINRA member broker dealer, and an SEC-registered investment adviser. Certain of IC Advisory's Principal(s) and Associated Person(s) are, in their individual capacities, registered representatives of The Investment Center, Inc., in which capacity(ies) they may effect securities brokerage transactions on a fully disclosed commission basis. In addition, IC Advisory is under common ownership with IC Insurance Services, Inc. Certain of IC Advisory's Principal(s) and Associated Person(s) are licensed as insurance agents with IC Insurance Services, Inc., in which capacity they may recommend, on a fully disclosed basis, the purchase of certain insurance-related products. IC Advisory's Principal and Associated Persons currently devote approximately ninety percent (90%) of their time to securities and life insurance commission business.

The Investment Center, Inc., an SEC registered and FINRA member broker dealer is 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. serve as the broker-dealer for those clients seeking to effect securities brokerage transactions on a fully disclosed non-discretionary commission basis.

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 IC Advisory's Form ADV Part 2A at Item 5.

**Conflicts of Interest:** The recommendation that a client purchase securities and/or insurance products on a commission basis from IC Advisory's affiliated broker-dealer representatives presents a conflict of interest. No client is under any obligation to purchase any such commission products. Clients are reminded that they may purchase securities and insurance products recommended by IC Advisory representatives through other, non-affiliated broker-dealers and/or insurance agents.

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.

**12b-1 Fees – Commission Sales:** In connection with the commissionable securities sales through The Investment Center discussed above, certain of IC Advisory's Principals and/or Associated Persons may recommend the purchase of mutual funds which pay 12b-1 or similar shareholder servicing fees. When a client purchases such a mutual fund on a commission basis, The Investment Center will receive 12b-1 fees which are payable out of the assets of the mutual fund during the period that the client maintains the mutual fund investment. Higher 12b-1 typically will adversely impact account performance. This creates a conflict of interest as the increased revenue generated from the purchased mutual fund is paid to our affiliated broker dealer. Because our affiliated broker-dealer receives and retains these amounts, we have an incentive to recommend a mutual fund paying 12b-1 fees, which in turn will adversely impact your account performance. Clients are not under any obligation to engage these individuals when considering implementation of investment recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

**Please Note:** The brokerage commissions charged by The Investment Center may be higher or lower than those charged by other broker-dealers. The recommendation that a client utilize the brokerage services provided by The Investment Center, Inc. presents a conflict of interest. No client is under any obligation to utilize such brokerage services.

**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.

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.

**IC Advisory's Chief Compliance Officer, Douglas A. Wright, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

### **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 4 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.

### **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 Representatives. 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 obtain/download/print an electronic report from IC Advisory summarizing account activity and performance no less than quarterly.

### **Client Referrals and Other Compensation**

If a client is introduced to IC Advisory by either an unaffiliated solicitor or an affiliated solicitor, IC Advisory may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements.

Any such referral fee shall be paid solely from IC Advisory's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to IC Advisory by an unaffiliated Solicitor, the Solicitor shall provide the client with a copy of IC Advisory's Form ADV Part 2 and a copy of the disclosure statement between IC Advisory and the solicitor containing the terms and conditions of the solicitation arrangement, including compensation.

Any affiliated solicitor of IC Advisory shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of IC Advisory's Form ADV Part 2 at the time of solicitation.

As referenced in IC Advisory's Form ADV Part 2A at Item 12, IC Advisory may receive economic benefits from Schwab and/or Pershing (or other broker-dealers or investment advisers). IC Advisory's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Pershing (or another broker dealer or investment adviser) as a result of this arrangement. There is no corresponding commitment made by IC Advisory to any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products or programs as a result of the above arrangement.

**IC Advisory's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

### **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.