

# Intelligent Capitalworks

ICW INVESTMENT ADVISORS

## Form ADV Part 2A Firm Brochure

This Brochure provides you with information about the qualifications and business practices of ICW Investment Advisors, LLC that you should consider before becoming one of our clients. We do business under our trade name, as Intelligent Capitalworks. If you have any questions about the contents of this Brochure, please contact us at 480-951-2900.

ICW Investment Advisors, LLC is a registered investment adviser pursuant to the Investment Advisers Act of 1940. Our firm is registered with the Securities and Exchange Commission and is notice-filed in states where it is required to do so.

As a registered investment adviser, we complete Part I of Form ADV, which contains additional information about our business. This information is publicly available through our filings with the U. S. Securities and Exchange Commission (SEC) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also obtain additional information about us at our business website [www.intelligentcapitalworks.com](http://www.intelligentcapitalworks.com).

Registration of an Investment Adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The oral and written communications of an Adviser provide you with information which you would use to determine whether to hire or retain an Adviser.

The information in this brochure is current as of the date below and is subject to change at our discretion.

SEC File No. 801-64460 IARD No. 135081

March 31, 2014

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## 2. Material Changes

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

Since our last annual updating amendment dated March 28, 2014 there are no material changes to report.

In accordance with the amended SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our firm's fiscal year.

In the future, we will discuss specific material changes that we make to our Brochure here and provide you with a summary of the changes. We will also reference the date of our last update to our Brochure.

As necessary, we will also provide you with a new Brochure at any time without charge, based upon changes or new information.

Currently, you may request our Brochure by contacting Vincent Rossi, our President and Chief Compliance Officer at (480) 951-2900 or vince.rossi@icwia.com. Our Brochure is also available to you on our website [www.intelligentcapitalworks.com](http://www.intelligentcapitalworks.com).

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#### Editorial Notes:

References in this brochure to “us,” “we” or “our [firm]” means ICW Investment Advisors, LLC.

This document uses the terms “adviser” and “advisor.” The term “adviser” is in reference to the term “investment adviser” defined by the Investment Adviser Act of 1940. The term advisor, as used throughout this brochure, refers to a professional who is providing comprehensive and continuous investment advice.

## Form ADV Part 2A — Firm Brochure

### 4. Advisory Business

#### ABOUT INTELLIGENT CAPITALWORKS.

Intelligent Capitalworks is a fee-only investment management firm. Managing investment portfolios for individuals and providing them with retirement and financial planning advice is our only business. Our firm has been registered as an investment adviser with the Securities and Exchange Commission since its inception in 2005. We are 100% employee owned and our president, Vincent Rossi, is the principal owner.

Our core expertise is creating investment strategies and managing investment portfolios. We do this for investors who are counting on their investments to help replace their earned income and sustain them in retirement. We help individual investors create sustainable plans for retirement and disciplined investment management strategies appropriate for each retirement plan. Almost all of our revenue is derived from this activity.

We serve individual investors who entrust us to manage their assets as an investment fiduciary. An investment fiduciary is someone who manages the assets of another person and stands in a special relationship of trust, confidence and legal responsibility (please refer to the discussion in Item 11, entitled "Code of Ethics," for a more complete explanation of our fiduciary responsibilities to you).

Our clients share similar investment objectives of seeking to earn sustainable long-term investment returns, enhanced portfolio stability and controlled downside portfolio risk exposure. We believe our success has something to do with the following qualities that our clients appreciate.

- As a fee-only, independent investment management and retirement planning firm, we endeavor to satisfy their desire for unbiased, intellectually honest and objective financial advice.
- As career advisory professionals, we contribute deep subject matter experience and critical thinking to help them meet their financial goals and objectives. We hold independent board certifications in our respective disciplines and complete continuing professional education programs.
- As a fiduciary to each of our clients, we honor our obligation and duty of loyalty to place their interests above our own.

**We do not provide legal, accounting, actuarial or tax advice.**

Nothing in our work for you is appropriate as, nor intended as, a substitute for you to obtain the necessary legal, accounting, actuarial and tax counsel and representation on such matters. You should discuss any legal, accounting, actuarial or tax issues with your legal, accounting, actuarial and tax advisors.

## OUR SERVICES AND OUR RELATIONSHIP WITH YOU.

Our core expertise is creating investment strategies and managing investment portfolios. We do this for investors who are counting on their investments to help replace their earned income and sustain them in retirement. We focus on investment strategies for income and liquidity for current needs, and capital growth to preserve purchasing power and provide future income.

We create a roadmap for you.

- Define your goals
- Review your assets
- Analyze your needs
- Provide you recommendations
- Implement execution
- Monitor and track your progress

We develop strategies for your needs.

- Liquidity
- Income
- Purchasing power protection
- Lower-risk conservative growth
- Higher-risk moderate growth
- Tax preferences and benefits

We begin by helping you determine:

- 1) the long-term rate of return you will likely need from your investment portfolio to meet your targeted goals and objectives;
- 2) the apparent and hidden risks that may prevent you from meeting your targeted goals and objectives; and
- 3) the attendant short-term negative portfolio volatility you will likely need to endure through time, because positive investment returns materialize sporadically.

Then, we combine investment strategies designed to help create more stable expected returns within your specific dimensions of risk tolerance and risk capacity (please refer to the discussion in Item 8, entitled "Risk of Loss, Methods of Analysis, and Strategies").

Finally, we implement and manage the strategies in your portfolio.

### Investment Management and Advisory Services.

Our core business is providing Discretionary Investment Management services. We may also provide you with Non-Discretionary Investment Advisory Services if we are providing you with Discretionary Investment Management Services (please refer to the discussion in Item 16, entitled "Investment Discretion").

### Planning and Consulting Services.

We may provide retirement income Planning Services to you if we are providing you with Discretionary Investment Management Services. We will offer these services to you for a separate professional fee.

We may also provide you with Consulting Services, which may include non-investment related matters, if we are providing you with Discretionary Investment Management Services. We will offer these services to you for a separate professional fee.

### Retirement Plans Qualified Under ERISA.

As an investment adviser registered pursuant to the Investment Advisers Act of 1940, we are not subject to any disqualification in Section 411 of the Employee Retirement Income Security Act (ERISA). To the extent we are performing fiduciary services, we are acting as a fiduciary of the Plan as defined in Section 3(21) under ERISA.

## **Reliance Upon Information Provided By Others.**

In performing all of our services to you, we shall not be required to verify any information we receive from you or your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the veracity and accuracy of such information.

## **Client Implementation Discretion for Planning/Consulting Clients.**

Under each Planning and/or Consulting engagement, we may provide analysis and implementation recommendations to you. You may retain or delegate discretion over all such implementation decisions and you are free to accept or reject any of our recommendations. We will include your decision to retain or delegate discretion over implementation decisions in your Planning or Consulting Services agreement with us.

## **Conflict of Interest for Planning/Consulting Clients.**

We may recommend our own Discretionary Investment Management and/or Non-Discretionary Investment Advisory Services to you to implement our recommendations. We advise you that a conflict of interest exists when we recommend our own services because we would receive an additional fee[s] from you for our Discretionary Investment Management and/or Non- Discretionary Investment Advisory Services.

## **CLIENT AGREEMENTS.**

Prior to engaging us to provide any of our services, we require you to enter into one or more written agreements with us setting forth the scope of the engagement and the terms and conditions under which we shall render our services.

We negotiate each client agreement with you based upon the scope of the engagement you request and your requirements for our resources. Each agreement must be approved by the president of our firm.

## **Restrictions to All Agreements.**

Neither of us may assign any agreement without the written consent of the other party. Transactions that do not result in a change of actual control or management of our firm shall not be considered an assignment.

## **Independent Managers and Separate Agreements.**

We may recommend that you engage other independent investment manager[s] based upon your stated investment objectives. The terms and conditions under which you would engage the independent managers will be set forth in separate written agreements between you and the independent managers we recommend.

We will continue to render investment advisory services to you relative to the ongoing monitoring and review of the account performance of any independent managers, for which we shall receive an annual investment advisory fee based upon a percentage of the market value of the assets being managed by the independent managers we recommended.

Factors that we may consider in recommending independent managers to you include the benefits of investment diversification, your stated investment objectives, the independent manager's management style, performance, reputation, financial strength, reporting, pricing, and research.

## ASSETS UNDER MANAGEMENT.

As of February 28, 2014, we provided Discretionary Investment Management Services, Non-Discretionary Investment Advisory Services and Consulting Services to client assets of approximately \$109,000,000.

We managed client assets of approximately \$104,000,000 on a discretionary basis. When we manage client accounts on a discretionary basis, clients provide us with the discretionary authority to determine what securities to purchase and sell, as well as the quantities and timing of such transactions.

We advised upon client assets of approximately \$5,000,000 on a non-discretionary basis. We generally will not advise accounts on a non-discretionary basis without related accounts for which we provide Discretionary Investment Management Services. We may make exceptions for accounts in existing client or other existing relationships.

## 5. Fees and Compensation

Our fees are for services, such as Discretionary Investment Management, Non-Discretionary Investment Advisory, Retirement Planning and Consulting Services. We offer our services to you on a fee-only basis, negotiated with you based upon the specific dimensions of the services you request we provide to you. Under no circumstances will we require you to prepay us a fee more than six months in advance and in excess of \$1,200, as we will render all of our services to you within six months of the date of any such prepayment.

### INVESTMENT MANAGEMENT AND ADVISORY FEES.

Our annual fee for Discretionary Investment Management and Non-Discretionary Investment Advisory Services may be based upon one or more of the following:

- (1) a percentage of the market value of the assets we are managing or advising upon;
- (2) a fixed fee, as specified and agreed to in your agreement with us;
- (3) a periodic fee.

Generally, your financial advisor will receive a portion of the fees you pay us.

### Fee Schedule.

Our fees for Discretionary Investment Management and Non-Discretionary Investment Advisory Services generally vary between 0.50% and 2.50%. We determine them individually, depending upon the market value and the type of assets we are managing for you, the breadth and depth of services that you request from us and your requirements for our resources.

## How We are Paid.

We prorate our annual fee monthly and collect it in advance at the beginning of the month, based upon account values on the last trading day of the preceding month. It is our responsibility to calculate our fee and request remittance from an independent custodian when due (please refer to the discussion in Item 15, entitled "Custody"). We require you to authorize your independent custodian[s] to remit our investment management fees to us when due, as we request, in accordance with your agreement[s] with us.

If you receive Non-Discretionary Investment Advisory Services from us, we may require you to maintain and fund an account with an independent custodian and authorize the independent custodian to remit our investment advisory fees to us when due, as we may request, in accordance with your agreement with us.

## Independent Custodian Statements of Client Accounts.

The independent custodians we recommend to you have agreed to send a statement to you, at least quarterly, indicating all amounts they have disbursed from your account[s], including the amount of our management fees they remit to us. While we endeavor to accurately calculate our fees, it is your responsibility to verify the accuracy of our fee calculations and custodial remittances.

## Account Inception.

For the initial month of our Discretionary Investment Management and Non-Discretionary Investment Advisory Services, we will calculate our first month's fee on a pro rata basis from the date of your agreement[s] with us.

## Additions and Withdrawals of Assets from Accounts.

You may make additions to and withdrawals from your account[s] at any time, subject to our right to discontinue providing our services to you by terminating our agreement[s] with you. If you deposit assets into or withdraw assets from your account[s] after the inception of a month, we will not adjust nor pro rate your fee payable with respect to such deposits or withdrawals based on the number of days remaining in the month. You may withdraw funds and securities from your account[s] with notice to us, subject to the usual and customary securities settlement procedures.

## Termination of Agreements.

Your agreement[s] with us for Discretionary Investment Management and Non-Discretionary Investment Advisory Services will continue in effect until either of us receives written notice from the other to terminate our agreement[s], pursuant to the terms of our agreement[s]. We will pro rate our annual fee for each account through the date of account closing for each account at the independent custodian firm and we will promptly charge or refund any remaining investment management fee, as appropriate.

We charge \$200 per account to terminate an investment management or advisory agreement. We charge this fee for the administrative costs of closing your account and the future regulatory recordkeeping costs of your account with us.



## **Our Investment Management and Advisory Fees Do Not Include.**

Our annual investment management and advisory fees are exclusive of, and in addition to any independent manager fees (discussed below) and brokerage commissions, transaction fees, regulatory fees, and other related costs and expenses which you may incur.

You may incur certain charges imposed by independent custodians and broker-dealers, such as custodial fees, charges imposed directly by a mutual fund, exchange-traded fund or within a variable annuity in the account (which shall be disclosed in the prospectus of the fund or variable annuity, and shall include, but are not limited to, fund management fees and other expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, you may incur brokerage commissions and transaction fees as discussed above. Such charges, fees and commissions are exclusive of and in addition to our investment management fee.

## **Independent Manager Fees.**

Any fees charged to you by independent investment managers unrelated to us (please refer to the discussion in Item 4, entitled "Advisory Business — Independent Managers and Separate Agreements"), together with the fees charged by the associated independent broker-dealer/custodian of your assets, may be exclusive of, and in addition to, our non-discretionary investment advisory fee discussed above. You may incur fees in addition to those charged by us, your independent investment managers, and the corresponding broker-dealer/independent custodian.

Billing practices of certain independent managers may differ from our billing practices. In such instances, we may alter our corresponding billing practices to accommodate those of your independent investment manager[s].

## **No Revenue Sharing with Independent Managers.**

If we refer you to an independent investment manager[s] and you engage them, we shall not receive additional compensation from the independent manager[s] for our referral to them.

## **Termination of Independent Manager Agreements.**

The terms and conditions for terminating independent investment manager[s] are contained in the separate investment management agreements between you and your independent manager[s].

## **No Commissions or Referral Fees.**

We shall not receive any portion of brokerage commissions, transaction fees, regulatory fees and other such related costs and expenses that you incur, nor any compensation, commissions or referral fees of any kind based upon or related to your purchase of investment or financial products.

## PLANNING SERVICES FEES.

Our fee for Planning Services may be calculated as any combination of a fixed fee, an hourly fee or a percentage of the assets related to the services, as specified and agreed to in your agreement with us.

### Planning Fee Schedule.

We determine our planning fees individually according to the scope of each engagement and the depth of field required of the professionals rendering the services. Our minimum fee for specific point-in-time planning engagements is \$5,000. Our fee for continuous and ongoing planning engagements is \$1,250 per quarter, but may be higher in some cases.

### How We are Paid.

Generally, we estimate a fixed or hourly fee for a specific point-in-time planning engagement and we require one-half of the fee payable upon entering the agreement. The balance is generally due and payable upon delivery of the planning design documents or completion of the agreed-upon services for the project. Our fee for continuous and ongoing planning services may be billed and collected monthly or quarterly in advance, as specified in your agreement with us.

## CONSULTING SERVICES FEES.

Our fee for Consulting Services may be calculated as any combination of a fixed fee, an hourly fee or a percentage of the assets related to the services, as specified and agreed to in your agreement with us.

### Consulting Fee Schedule.

We determine our consulting fees individually according to the scope of each engagement, the depth of field required of the professionals rendering the services and your need for firm resources.

### How We are Paid.

Generally, we estimate a fixed or hourly fee for a specific point-in-time consulting engagement and we require one-half of the fee payable upon entering the agreement. The balance is generally due and payable upon delivery of the planning design documents or completion of the agreed-upon services for the project. Our fees for continuous and ongoing consulting services may be billed and collected monthly or quarterly in advance, as specified in your agreement with us.

## Termination of Planning and Consulting Services Agreements.

Either of us may terminate our Planning or Consulting Services agreement by written notice to the other. In the event either of us terminates our Planning and/or Consulting Services agreement, the effective termination date will be the end of the month in which we deliver or receive the written notice if we are billing you monthly. If we are billing you quarterly, the effective termination date will be the end of the quarter in which we deliver or receive the written notice.

We charge \$500 per engagement to terminate a point-in-time or continuous planning or consulting agreement, plus costs we incur to terminate the engagement, unless a higher amount is specified in your agreement with us.

## 6. Performance-Based Fees and Side-by-Side Management

Performance-based fees are fees that are based on a share of the capital gains or capital appreciation in an investor's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

We do not charge, nor accept, investment performance fees and we do not participate in side-by-side management of our clients' accounts. We avoid these activities in our effort to eliminate the possible incentive and potential conflict of interest to favor accounts with investment performance fees over accounts without such fees (please refer to the discussion in Item 5, entitled "Fees and Compensation," for a more complete explanation of our fees and how they are calculated).

## 7. Types of Clients

We provide our services primarily to high net worth investors for a variety of account types, including, but not limited to, individual accounts, personal trusts, family trusts, family partnerships, Individual Retirement Accounts (IRA), employer-sponsored defined-contribution retirement plans (401k), Simplified Employee Pensions (SEP), profit-sharing pension plans, defined-benefit pension plans, money-purchase pension plans, family foundations, donor-advised charitable trusts, and closely-held businesses.

### CONDITIONS FOR MAINTAINING ACCOUNTS.

As a condition for starting and maintaining an investment management relationship with us, we generally impose a minimum portfolio size of \$1,000,000 across one or more accounts.

We may, in our sole discretion, accept you as a client if your portfolio is less than \$1,000,000, based upon certain criteria. These include your anticipated future earning capacity, future additional assets you anticipate transferring to us under your agreement[s] with us, the dollar amount of assets you wish for us to manage, accounts related to you, the type and composition of your accounts, your relationship to an existing client relationship with us, our desire to retain your business, and our elective pro bono activities.

We will only accept your account[s] with less than our minimum portfolio size requirement, if in our sole opinion, the smaller portfolio size will not cause a substantial increase of your investment risk beyond your identified risk tolerance. We may aggregate the portfolios of your family members to meet our minimum portfolio size requirement.

We reserve the right to refuse to accept client engagements, proposed responsibilities or to resign from the management or advisement of any account or to resign from any planning or consulting engagement.

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

Every portfolio of investments has a purpose. We work with you to clarify the purpose[s] of the funds you wish for us to manage. Then we help translate those purposes into goals and objectives and help you determine what long-term rate of return may be required from your investment portfolio to help you successfully achieve them. The bedrock of our investing approach is to help you meet your planned cash needs, achieve asset growth, avoid unrewarded risks and control your attendant tax and investing costs.

### INVESTING INVOLVES RISK OF CAPITAL LOSS.

Investment returns come from the potential risk of capital loss. Gain is rarely accomplished without taking a chance, but not all risks carry a reliable reward. While we will construct your investment portfolio to help you earn the positive returns you seek by exploiting risks that are worth taking and avoiding those that are not, you should be prepared to bear the risk of capital loss.

### Risk and Risk Management.

There are many investment risks that you face and many different ways to think about them, classify them and endeavor to manage them. Generally, we may consider and evaluate nearly two dozen risks to you and your investment portfolio.

We identify and separate rewarded risks from unrewarded risks. Then we work to reduce or eliminate unrewarded risks in portfolio construction and implementation and to control rewarded risks within the specific dimensions of your risk tolerance and risk capacity.

Your risk tolerance is the amount of negative investment performance you can handle emotionally before you will want to give up and exit your investment strategy at the worst possible moment. Risk capacity, unlike risk tolerance, is the amount of negative investment performance that you can endure financially in order to earn your required rate of return. Trying to measure your risk tolerance and risk capacity are like trying to measure your blood pressure. Neither set of measurements is static and both sets of measurements are highly dependent on internal and external forces.

While the conclusion is that investment returns are derived from risks taken and risks avoided, the simple fact is that risk can only be measured in the past, yet it exists in the future.

### METHODS OF ANALYSIS.

We identify and measure investment attributes of companies and their related securities, economic and financial market conditions, and factors of portfolio diversification that can help deliver richer information content about a portfolio and its stability under different market conditions. For investors who are counting on their investments to replace their earned income and sustain them in retirement, this information content offers us opportunities to help build safer, better-balanced portfolios of investments. Building portfolios with better balance helps enhance portfolio stability and capital preservation. It may also help extend a portfolio's retirement distributions and help reduce investor stress and fatigue during bad market environments.

## Management Requires Measurement.

Measurement is the first step toward management. We calculate, analyze and endeavor to optimize many different measured facets of the companies and their related securities in the investment portfolio we build for you.

## Research.

We use our proprietary combination of third-party research and several specialized security and portfolio analysis tools and applications. We also integrate public information and original academic research of others and may incorporate information from prospectuses, annual reports, regulatory filings and corporate rating services.

## Portfolio Construction.

We use the information content that we glean from our research and analysis process to develop investment strategies and portfolios that may exhibit better stability and capital preservation in negative market environments while seeking to earn your required investment returns.

## STRATEGY.

Our equity investment strategy is designed to help build a steady stream of rising dividend income. Our goal is dividend growth faster than inflation and faster than comparable low-cost index funds can provide, with potentially better diversification benefits to smooth over the many bumps in the road ahead. Dividend growth investing is not a get-rich-quick scheme. It is a long-term strategy that, if pursued, may help produce the cash flow you need to help replace your earned income. We do not focus our attention and effort on beating the S&P 500 or other institutional benchmarks, or owning the S&P 500 at the lowest possible cost. We want to own that part of the "market" that may best meet your needs for a steady stream of rising income. As a general rule, the businesses we seek to own have longer-term histories (20 plus years) of stable and increasing annual dividend or distribution payments to their shareholders.

Our fixed income strategy is designed to help provide a high level of regular current interest income. Our goal is income from bonds and other income-oriented securities above inflation while attempting to protect principal value. We pursue a multi-sector approach that offers the flexibility to adapt to changing economic conditions, including the risk of rising inflation.

Our alternative investment strategy is designed to help improve the risk/reward characteristics of your portfolio. Our goal is to enhance any combination of current or future income, capital preservation or growth, or reduced overall portfolio volatility.

## We Tailor Our Strategies to Meet Your Needs.

We adjust your exposure to our targeted investment strategies based upon your specific needs and objectives within your risk tolerance and risk capacity. The result is that you are somewhat freed from chasing irrelevant institutional benchmark index comparisons that provide little context in helping you understand the success or failure of your investment program.

## Types of Investments We Make.

We gain the investment exposure we seek using individual stocks and bonds, mutual funds and exchange-traded funds (ETFs). Mutual funds and exchange-traded funds are professionally managed pools of money collected from many investors to invest in stocks, bonds, money market instruments and many other types of assets. Each fund will have a manager that invests the fund in accordance with the fund's investment objective.

While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security rather than balancing the fund with different types of securities.

The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees which can also reduce returns.

Mutual funds can also be "open-end" or "closed-end." Open-end mutual funds may continue to issue new shares to investors to meet investor demand and buy back shares when investors wish to sell. Open-end funds trade at the daily market closing price. By contrast, closed-end mutual funds have a fixed number of shares that are bought and sold between investors on an exchange throughout the trading day.

Exchange-traded funds share characteristics of both open-end and closed-end mutual funds. ETFs issue and redeem shares to meet investor demand, can be bought and sold throughout the day on an exchange like stocks, and share prices fluctuate throughout the trading day.

We may also include additional types of publicly-traded securities in your portfolio, such as preferred stocks, real estate investment trusts (REITs) and master limited partnerships (MLPs).

## We Endeavor to Invest for the Long Term.

As general rule, we intend to hold securities we purchase for your account[s] for at least one year. Exceptions may arise from portfolio rebalancing, tax-loss harvesting, your withdrawals and actionable investment ideas resulting from our research.

Our goal is to generate the investment returns you seek while accounting for your tolerance and capacity for downside risk exposure and negative investment performance.

## Legacy Investments and Requested Investments.

We may also provide advice to you about any other type of investment you are holding in your portfolio at the beginning of our advisory relationship or for which you request advice.

## Accounts with Different Needs and Objectives.

We manage accounts for clients whose needs and objectives, tax situations or financial circumstances may be different from yours. As a result, it is possible that it would be appropriate for us to buy or sell a security from your account while selling, buying or holding it in another account.

## Cash Management.

The independent custodians we recommend offer accounts that “sweep” non-invested cash balances in your accounts into a choice of money market funds. We select the sweep money market funds for you based upon our understanding of your tax status and risk preferences.

Sweep money market funds generally fall into three categories: government money market funds, prime-rated money market funds and tax-exempt money market funds. These funds are designed to provide daily liquidity, stable values and interest income for your short-term cash balances. There can be no assurances that these objectives will be achieved.

## Margin Account Borrowing.

As a general rule, we do not implement investment strategies using margin borrowing or other account leverage. Exceptions may periodically arise from your withdrawals and deduction of fees from your accounts while you stay invested.

## Additions to Your Accounts Managed by Us.

Additions to your accounts managed by us may be in cash or securities, provided that we reserve the right to liquidate any transferred securities, or decline to accept particular securities into your account. We may consult with you about the alternative methods and ramifications of transferring securities. We advise you that we may liquidate securities that you transfer into your account[s], and that they may be subject to transaction fees, fees assessed at the security level (i.e., mutual fund contingent deferred sales charge) and/or tax consequences and costs.

## Client Responsibilities.

It is your responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives or if you wish to impose any reasonable and mutually agreed upon restrictions to our investment management services. We will not agree to restrictions to our investment management services unless they are in writing and signed by both of us.

# 9. No Disciplinary History

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

ICW Investment Advisors and its management have no reportable disciplinary events.

# 10. Other Financial Industry Activities and Affiliations

We are not affiliated with any securities brokerage firm or securities dealer and do not have any other financial industry activities or affiliates.

## 11. Code of Ethics, Client Transactions and Personal Trading

We have adopted a Code of Ethics in order to specify the high standards of business conduct and the fiduciary duty all of our personnel owe to our clients, including compliance with all applicable securities laws. All personnel have an obligation to adhere not only to the specific provisions of our Code but to the general principles that guide it.

As an investment fiduciary to you, we must:

- Always act in your best interest and place your interest ahead of our own;
- Disclose to you all material conflicts of interest between you and us;
- Treat you fairly and equitably; and
- Demonstrate a prudent process in managing our investment decisions.

### CODE OF ETHICS.

In adopting our Code of Ethics, we recognize that we owe a fiduciary duty to our clients and must (1) at all times place the interests of our clients first, (2) conduct our personal securities transactions in a manner consistent with our Code of Ethics and avoid any abuse of a position of trust and responsibility, and (3) adhere to the fundamental standard that we should not take inappropriate advantage of our positions.

The standards of business conduct in our Code of Ethics include all of the conduct standards for the professional codes of ethics to which our advisory professionals must attest to maintain professional board certification and membership.

### PROHIBITION ON USE OF INSIDER INFORMATION.

Our Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information.

### PERSONAL TRADING.

We permit persons associated with our firm, defined under the Investment Advisers Act of 1940 as "associated persons," to buy or sell securities that we also recommend to you consistent with our policies and procedures. Our Code of Ethics sets forth the standards of conduct we expect of our associated persons and requires them to comply with applicable securities laws. We require all personnel to report their personal securities holdings and obtain pre-approval of certain investment transactions from Vincent Rossi, our chief compliance officer.

### Employee Participation or Interest in Client Transactions.

We maintain strict guidelines for all of our personnel designed to assure that we may not benefit directly or indirectly from transactions made for our client accounts.

### ANTI-MONEY LAUNDERING POLICIES.

We have anti-money laundering policies and procedures to the extent required by applicable U.S. Federal or other laws and regulations designed to detect and prevent money laundering and activities that facilitate money laundering or the funding of terrorist or other criminal activities.

We provide a written copy of our Code of Ethics to our clients. It is also available to any person upon request by contacting us at (480) 951-2900.



## 12. Brokerage Practices

We may only implement our investment management recommendations for you after you have arranged for and furnished us with all information and authorization regarding your accounts with appropriate independent custodians and broker-dealers. (Please refer to the discussion in Item 15, entitled "Custody," below.)

### Brokerage and Trade Clearing Services.

We shall generally recommend that you utilize the independent custody, brokerage and trade clearing services of Fidelity Investments and its affiliates (collectively "Fidelity"), or any other independent custodian and/or broker-dealer for investment management accounts.

Factors which we may consider in recommending Fidelity or any other independent custodian and/or broker-dealer to you include the respective firm's financial strength, reputation, execution capabilities, pricing, research, lending facilities, and administrative and technology services.

Use of independent custodians and broker-dealers enables us to obtain many mutual funds without transaction charges to you and trade other securities at nominal transaction charges for your accounts. Certain independent custodians may even refund certain charges to you associated with the transfer of your account[s] from your previous custodian. The commissions and/or transaction fees charged by the independent custodians we recommend to you may be higher or lower than those charged by other independent custodians.

### Best Execution.

The commissions you pay shall comply with our duty to obtain "best execution" for your securities transactions. However, you may pay a commission that is higher than another qualified independent custodian or securities broker-dealer might charge to execute the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and the administrative services and/or research we receive for your account[s].

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of an independent custodian's or broker-dealer's services.

In an effort to achieve best execution, we may consider the following factors in addition to commission rates in selecting broker-dealers to execute securities trades for your account[s]:

- Administrative services and support
- Technology services and support
- Availability of accurate and timely market information
- Quantity and quality of research
- Trading characteristics of securities
- Trade execution capabilities

- Order size and market depth
- Availability of dedicated trading desks
- Financial strength and responsibility
- Service responsiveness
- Ability and willingness to commit capital
- Securities hypothecation and lending services
- Other factors that may bear on the overall evaluation of best price and execution

In addition, we periodically review your transactions costs within the context of current market circumstances, available published statistical analyses, as well as other relevant information. While we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for your transactions.

When we arrange for the execution of securities brokerage transactions for your account, we shall direct such transactions through broker-dealers that we reasonably believe will provide you with best execution. We may clear your securities transactions through other broker-dealers with whom we and your independent custodians[s] have entered into agreements for prime brokerage clearing services. We shall periodically review our policies and procedures regarding our recommendations of independent custodians and broker-dealers to you.

### Principal vs. Agency Bond Transactions.

We are responsible for determining whether to place bond trades on your behalf with a broker-dealer on an agency basis (through the open market from another broker-dealer's inventory) or on a principal basis (from the broker-dealers' own inventory). We may base our decision on several factors and decide this on a case-by-case basis. Factors that we may consider are availability of inventory or the size of a trade.

Trades executed on a principal basis could lead to higher transactions costs. We generally prefer to trade bonds on agency basis and only trade on a principal basis when we believe any potential increase in transactions costs is justified by the availability of a particular bond, order size, and/or speed of execution. You may benefit from the speed of the execution, as your account might not be subject to as much price risk during an extended execution period.

### Client-Directed Brokerage.

You may direct us in writing to use a particular broker-dealer to execute some or all transactions for your account[s]. In that case, it will be your responsibility to negotiate terms and arrangements for your account[s] with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" your transactions for execution through other broker-dealers with orders for the other accounts we manage (as described below).

As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for your account[s] than would otherwise be the case. Under our duty to seek best execution, we may decline your request to direct brokerage for your account[s] if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties for us.

## Research and Soft Dollars.

We may receive from broker-dealers, without cost to us, computer software and related systems support, which allow us to better monitor your accounts maintained at broker-dealers. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at broker-dealers.

Specifically, we may receive the following benefits from the broker-dealers' institutional or professional advisor business units: receipt of duplicate client confirmations and bundled duplicate statements; access to trading desks that exclusively service professional advisor and institutional participants; access to block trading which provides us with the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to an electronic communication network for client order entry and account information; and access to independent investment research.

## Cross Transactions.

Generally, with the exceptions set forth below, it is our policy not to engage in buying or selling of securities from one client account to another (typically referred to as a "cross trade"). Securities cross-traded between client accounts are not executed through the open market. Almost all, if not the entirety, of trades made for our client accounts will be executed through the open market.

We will only execute cross trades in accordance with the provisions of Rule 17a-7 under the Investment Company Act. We will not enter into a cross trade involving an ERISA account unless we receive written consent from the plan fiduciary.

We may engage in cross-trading under the following limited circumstance and only when we can ensure that no client receives less favorable terms than a trade executed through the open market:

An account has specifically authorized the firm to engage in a cross trade.

## Trade Allocation Practices.

We may place your securities brokerage transactions independently of securities brokerage transactions for our other clients or combine (batch) them with securities brokerage transactions for our other clients in an effort to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients, differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently.

Under this procedure, we will generally allocate an average price for securities brokerage transactions among our clients on a pro rata basis to the purchase and sale orders placed for each "batch" transaction. To the extent that we determine to aggregate client orders for the purchase or sale of securities, we shall generally do so in accordance with applicable rules promulgated under the Advisers Act of 1940 and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission.

## 13. Account Review

Our Chief Investment Officer, Vincent Rossi, regularly reviews the underlying securities and investments within our Discretionary Investment Management Services and reviews your account[s] on a periodic basis as part of an ongoing process.

### INVESTMENT MANAGEMENT AND ADVISORY REVIEWS.

We conduct account reviews with you periodically, generally annually, to discuss any changes in your financial situation and/or investment objectives and the possible scenarios that could result from such changes, and to review our previous services and recommendations.

We encourage you to discuss your needs, goals, and objectives with us and keep us informed of any relevant changes.

Unless we otherwise agree in writing, your independent custodian shall directly provide you with transaction confirmation notices and regular summary account statements for your account[s]. We may also provide you with periodic reports from us that may include such relevant account and market-related information as account performance, an inventory of account holdings and our fee calculations. While we endeavor to accurately prepare reports for you, it is your responsibility to compare reports we prepare for you with reports you receive from your independent custodian, including verifying the accuracy of our fee calculations and custodial remittances (please refer to the discussion in Item 5, entitled "Fees and Compensation — Independent Custodian Statement of Client Accounts," and the discussion in Item 15, entitled "Custody").

### INVESTMENT PERFORMANCE PRESENTATION METHODS.

We may prepare account performance calculations for you using time-weighted and/or dollar-weighted rates of return, depending upon our need to convey your investment rate of return to you either including or excluding your deposits and withdrawals to your accounts. Time-weighted rates of return remove the effects of your deposit and withdrawal activity, while dollar-weighted rates of return retain the effects of such activity. We may present time-weighted returns to help you gain a clearer understanding of our ability to manage your portfolio according to your objectives, while we may present dollar-weighted returns to help you gain a clearer understanding of the impact of your saving and spending behavior in reaching your objectives.

### PLANNING AND CONSULTING REVIEWS.

We conduct Planning and Consulting Services reviews according to the terms of any separate Planning and/or Consulting Services agreements you may have with us.

### THE IMPACT YOU MAY HAVE ON YOUR INVESTMENT RESULTS.

While we construct and manage your portfolio to attempt to earn positive long-term returns to help meet a combination of your needs for income, purchasing power protection and asset growth in excess of inflation, inadequate savings and asset contributions or unplanned and excess asset withdrawals by you may impair your achievement of meeting your investment goals and objectives.

## 14. Client Referrals and Other Compensation.

As a general rule, we do not pay referral fees.

In the unusual circumstance that we agree to pay a fee to an individual (a solicitor) for referring you to us, you will receive a separate written disclosure statement from the solicitor that will identify the nature of our affiliation with the solicitor (if any) and a description of the compensation the solicitor will receive from us.

Our policy is that if we pay a referral fee to a solicitor for your account, the fee applicable to your account[s] will be the same as it would have been without taking into consideration the referral fee and will result in no additional charge to you.

## 15. Custody

We are not a custodian and do not maintain physical custody of your assets. We only use independent custodians (broker-dealers, trust companies, banks, insurance companies, mutual funds, etc., collectively referred to as independent custodians) for custody of your accounts. Therefore, you must appoint an independent custodian. Your independent custodian holds and safeguards your assets and sends you transaction confirmations and periodic statements of your accounts.

While we endeavor to monitor your accounts held by your independent custodian, it is your responsibility to verify the accuracy of your independent custodian's reports of your assets held in custody and your deposits and withdrawals of funds and securities from your accounts, including our advisory fee calculations and your custodian's remittances to us for our fees (please refer to the discussion in Item 5, entitled "Fees and Compensation—Independent Custodian Statements of Client Accounts" and the discussion in Item 13, entitled "Account Review").

## 16. Investment Discretion

We render Discretionary Investment Management Services, Non-Discretionary Investment Advisory Services, Non-Discretionary Planning Services and Non-Discretionary Consulting Services (please refer to the discussion in Item 4, entitled "Advisory Business," above).

### DISCRETIONARY AUTHORITY FOR INVESTMENT MANAGEMENT SERVICES.

We render our Investment Management Services on a discretionary basis. Our discretionary authority authorizes us to make determinations regarding the securities that we buy and sell in your account[s], as well as the quantities of such securities and the timing of the purchase and/or sale transactions.

You provide us with discretionary authority in your Discretionary Investment Management Agreement with us, subject to our acceptance. Your agreement with us may include mutually agreed upon written requests, guidelines and restrictions by you.

## **NO DISCRETIONARY AUTHORITY FOR INVESTMENT ADVISORY SERVICES.**

Generally, we will offer Non-Discretionary Investment Advisory Services to you only if you have a Discretionary Investment Management Agreement with us.

### **Retirement Plans, Brokerage Accounts and Variable Annuity and Life Insurance Products.**

We may render Non-Discretionary Investment Advisory Services to you for your: (1) individual employer-sponsored retirement plans, (2) your brokerage accounts, or (3) variable annuity/life insurance products that you may own. We may recommend the allocation of your assets among the various mutual fund subdivisions that comprise your variable annuity/life insurance product or your retirement plan and/or provide you with account performance monitoring services. Your assets shall be maintained either in the segregated accounts at the specific insurance company that issued your variable annuity/life insurance product, at the custodian designated by the sponsor of your retirement plan, or at your brokerage firm.

## **17. Voting Client Securities**

We will not accept nor exercise any authority to vote shareholder proxies on your behalf for the securities in your account[s]. You retain the responsibility and right for receiving and voting all shareholder proxies for all securities maintained in your account[s].

### **Class Action Settlements.**

We do not handle or otherwise process any potential "class action" claims or similar settlements that you may be entitled to for securities held in your account[s].

You will receive the paperwork for such claims directly from your independent custodian[s]. You should verify with your independent custodian or other account administrator whether such claims are being made on your behalf by your independent custodian or if you are expected to file such claims directly.

## **18. Financial Information**

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition. ICW Investment Advisors, LLC has no financial commitment that impairs its ability to meet contractual obligations and fiduciary commitments to clients. The firm and its owners have never been the subject of a bankruptcy proceeding.

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