



**INVESTOR SOLUTIONS**  
REGISTERED INVESTMENT ADVISOR

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

## Item 2. Material Changes

In this Item, Investor Solutions is required to discuss any material changes that have been made to the brochure since its annual amendment dated March 3, 2017. The Firm has amended Item 14 to clarify certain conflicts of interests arising from its participation in TD Ameritrade's AdvisorDirect referral service.

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## Item 4. Advisory Business

Investor Solutions offers a variety of advisory services, which may include financial planning, consulting and investment management services. Investor Solutions is deemed a fiduciary with a duty to serve a client's best interests; as such, the Firm is obligated to put client interests ahead of its own. Included within the fiduciary duty are the duties of loyalty and care. In dealing with clients, the Firm seeks first to evaluate a client's financial situation prior to managing their investments. Investor Solutions then designs and implements an investment plan aimed at achieving a client's financial objectives. Prior to Investor Solutions rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

Investor Solutions has been registered as an investment adviser since 1994, and is principally owned by Francis C. Armstrong, III and Richard Feldman. As of December 31, 2016, Investor Solutions had \$753,321,948 in assets under management, \$574,960,613 of which was managed on a discretionary basis and \$178,361,335 of which was managed on a non-discretionary basis.

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

### **Investment Management Services**

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Investor Solutions generally manages client investment portfolios on a discretionary basis. The Firm tailors its services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Investor Solutions consults with clients on an initial and ongoing basis to assess their specific risk tolerance, investment objectives and liquidity constraints in order to develop and maintain a strategic asset allocation plan aimed at achieving the clients' stated goals.

To implement its investment management plan, Investor Solutions primarily allocates client assets among various institutional index funds and exchange-traded funds ("ETFs"). The Firm seeks to provide efficient, economical, tax sensitive and effective exposure to targeted segments of the global economy. As such, the Firm will only utilize individual equity and debt securities under very rare circumstances, to achieve a client's investment objectives. Where appropriate, the Firm may provide advice about any type of legacy position or other investment held in client portfolios to meet their goals and objectives.

Clients may also engage Investor Solutions to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, the Firm directs or recommends the allocation of client assets among the various investment options available within the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Clients are advised to promptly notify Investor Solutions if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Investor Solutions determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Pension Consulting Services**

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Investor Solutions provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance Services
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Investor Solutions as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Investor Solutions' fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Financial Planning Services**

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Investor Solutions offers financial planning services pursuant to a financial planning agreement. Financial plans are based upon the client's financial situation at the time the Firm prepares the plan and on the financial information and documentation obtained from clients. The written financial plan is designed to help clients pursue their stated financial goals and objectives. Prior to Investor Solutions rendering any financial planning services, clients are required to enter into a written agreement with the Firm setting forth the relevant services.

As part of the financial planning services, Investor Solutions will review and analyze issues pertaining to cash flow, risk management, education funding, retirement planning, estate planning, and tax planning. Financial plans may be comprehensive, or focus on specific areas of concern. If the client chooses a less comprehensive planning approach, clients must understand the advice provided does not take the entire scope of client's overall planning needs into consideration. In addition, the planning services generally includes an additional five months support in implementation of the plan.

In performing its services, Investor Solutions is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on information received from client. Investor Solutions may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Investor Solutions recommends its own services. The client is under no obligation to act upon any of the recommendations made by Investor Solutions under a financial planning engagement or to engage the services of any such recommended professional, including Investor Solutions itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Investor Solutions recommendation. Clients are advised that it remains their responsibility to promptly notify Investor Solutions if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the firm's previous recommendations and/or services.

## **Tax Services**

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Investor Solutions does not prepare and file taxes returns for clients. In the event a client requires these additional tax services, the Firm may recommend Investor Tax Services, LLC ("Investor Tax Services") which is under common control with Investor Solutions. These services are rendered independent of Investor Solutions and pursuant to a separate agreement between the client and Investor Tax Services.

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

Investor Solutions offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement.

### **Investment Management Fees**

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Investor Solutions offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee is tiered in accordance with the following fee schedule:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
Below \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.75%
\$2,000,001 - \$5,000,000	0.50%
Above \$5,000,000	0.40%

The Firm may also charge a fixed fee for investment management services, which will be negotiated individually with each client based upon the scope and complexity of the engagement. The annual management fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter.

For investment management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Investor Solutions may negotiate a fee rate that differs from the range set forth above.

## **Financial Planning and Consulting Fees**

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Investor Solutions generally charges a fixed fee for providing financial planning and consulting services. These fees are negotiable depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. Investor Solutions, in its sole discretion, may waive or refund all or a portion of its fees for those services in certain circumstances, including where the client utilizes the Firm to implement the financial planning recommendations.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Investor Solutions generally charges the full fee upon delivery of a report or other documents in furtherance of the plan.

## **Pension Consulting Fees**

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Investor Solutions charges an asset-based or fixed project-based fee to provide clients with pension consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Advisory Agreement.

The management fee for these services generally varies in accordance with the following fee schedule:

<b><u>PORTFOLIO VALUE</u></b>	<b><u>ANNUAL FEE</u></b>
Below \$25,000,000	0.50%
\$25,000,001 - \$50,000,000	0.30%
Above \$50,000,000	0.20%

The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by the Firm on the last day of the previous quarter.

## **Fee Discretion**

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

## **Additional Fees and Expenses**

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In addition to the advisory fees paid to Investor Solutions, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

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



## Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to Investor Solutions' right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

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

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

Investor Solutions does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets) or participate in side-by-side management.

## Item 7. Types of Clients

Investor Solutions offers services to individuals, family limited partnerships, pension and profit sharing plans, charitable organizations and foreign government agencies.

## Minimum Account Requirements

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Investor Solutions does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### Methods of Analysis and Investment Strategies

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The investment strategy of Investor Solutions seeks to manage risk through diversification. The Firm purchases securities with the intent to hold long-term. Clients should generally expect to remain fully invested in their selected asset allocation plan. Occasionally, Investor Solutions may adjust the asset allocation due to fluctuations in the market or unanticipated client cash flow. There may be other instances in which a short-term hold is required, depending on client circumstances.

Investor Solutions' investment plans contain assets in classes which the Firm believes, based on historical data, have attractive combinations of return, risk and correlation. Emphasis will be placed on optimizing performance at the portfolio level while controlling risk through broad global diversification, multiple management styles, and Modern Portfolio Theory (MPT) techniques. MPT is a theory of investment which attempts through diversification to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return. Long-term investments may be affected by unforeseen changes in the overall market.

Underpinning the Firm's investment strategy is an investment philosophy based on rigorous academic research into market behavior and the sources of returns. The Firm does not aim to make forecasts or to predict market movement, rather Investor Solutions manages risks in an attempt to provide an optimum outcome over time tailored to the individual needs of clients. Investors should take no more risk than they can afford and are emotionally able to bear. Choosing the right level of risk is an important key to success. The Firm believes that once the appropriate level of risk is reached, it is critical to remain fully invested through the market cycles. At every risk level, Investor Solutions works hard to optimize performance and manage risks through broad diversification and exposure to those factors that generate returns. Because equity markets can be volatile, portfolios must be designed to weather occasional storms, provide sufficient liquidity to meet anticipated cash flow needs, and allow the investor to sleep well at night, while meeting the investor's financial goals. The most efficient way to accomplish that is to divide the portfolio into two portions

### Risk of Loss

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#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. Investor Solutions does not represent or guarantee that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. The Firm cannot offer any guarantees or promises that a

client's financial goals and objectives will be met. Past performance is not an indication of future performance.

### *Mutual Funds and ETFs*

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

### *Management through Similarly Managed "Model" Accounts*

The Firm manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations, investment objectives and in accord with tax efficient strategies, securities transactions effected pursuant to a model investment strategy may be executed without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9. Disciplinary Information**

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

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

Investor Solutions is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

## Investor Tax Services

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As discussed above, Investor Solutions may recommend the tax services of Investor Tax Services to certain clients. These services are rendered independent of Investor Solutions and pursuant to a separate agreement between the client and the accounting firm. Because Investor Solutions and Investor Tax Services are under common control, there exists a conflict of interest to the extent that the Firm recommends the services of Investor Tax Services.

## Item 11. Code of Ethics

The Firm's code of ethics ("Code of Ethics") is designed to ensure that the high ethical standards long maintained by Investor Solutions continue to be applied. The purpose of the Code of Ethics is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

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

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

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

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or

- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Investor Solutions to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### **Recommendation of Broker/Dealers for Client Transactions**

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Investor Solutions generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ (“Schwab”) and TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“TD Ameritrade”) for investment management accounts. Investor Solutions participates in the institutional customer program offered by TD Ameritrade. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. Investor Solutions receives some benefits from TD Ameritrade through its participation in the program.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors, services which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below).

Factors which Investor Solutions considers in recommending Schwab, TD Ameritrade, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab or TD Ameritrade may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by these firms may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Investor Solutions' clients to Schwab or TD Ameritrade comply with the Firm's duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Investor Solutions

determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Investor Solutions seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

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

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

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Investor Solutions may receive without cost from Schwab or TD Ameritrade computer software and related systems support, which allow Investor Solutions to better monitor client accounts maintained at Schwab or TD Ameritrade. Investor Solutions may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at these firms. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Investor Solutions, but not its clients directly. In fulfilling its duties to its clients, Investor Solutions endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Investor Solutions' receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Investor Solutions may receive the following benefits from Schwab or TD Ameritrade:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

There is no direct link between Investor Solutions' participation in TD Ameritrade's institutional customer program and the investment advice it gives to its clients, although Investor Solutions receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. In addition the benefits set forth above, the Firm also has the ability deduct advisory fees directly from client accounts; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and

practice management products or services provided to the Firm by third party vendors. TD Ameritrade may fund business consulting and professional services received by Investor Solutions' Supervised Persons.

Some of the products and services made available by TD Ameritrade through the program may benefit Investor Solutions but not its client. These products or services may assist Investor Solutions in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Investor Solutions manage and further develop its business enterprise. The benefits received by Investor Solutions' participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

## **iRebal Program**

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In addition to the factors set forth above, Investor Solutions takes into consideration when selecting TD Ameritrade the price discounts it obtains for TD Ameritrade's automatic portfolio rebalancing service known as "iRebal".

The standard iRebal annual license fee applicable to Investor Solutions is \$26,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$26,000 per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of ERISA or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs).

If Investor Solutions does not maintain the relevant level of taxable assets on the TD Ameritrade platform, the Firm may be required to make an adjustment as payment to TD Ameritrade calculated on the basis of the shortfall.

Although Investor Solutions believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect the Firm's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

## **Brokerage for Client Referrals**

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Investor Solutions may consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institution. This arrangement and the associated conflicts of interest are described further in response to Item 14 below.

## Directed Brokerage

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The client may direct Investor Solutions in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Investor Solutions (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Investor Solutions may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## Trade Aggregation

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

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



allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13. Review of Accounts**

### **Account Reviews**

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Investor Solutions monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Investment Committee or one of its investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Investor Solutions and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

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

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

### **Client Referrals**

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The Firm does not currently have any solicitor arrangements, as understood under the Advisers Act, but may provide a flat quarterly fee to third-parties who serve to verify the firm's credentials to consumers.

## **TD Ameritrade AdvisorDirect**

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Investor Solutions has entered into an agreement with TD Ameritrade to participate in TD AMERITRADE AdvisorDirect (“AdvisorDirect”), a referral service designed to match investors with an independent investment adviser in their area. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, the Firm may have been selected to participate in AdvisorDirect based on the amount, and profitability to TD Ameritrade, of the assets in and trades placed for client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Investor Solutions and there is no employee or agency relationship between them.

Investor Solutions has agreed not to charge clients introduced through AdvisorDirect fees or costs greater than the fees or costs Investor Solutions charges its advisory clients who were not introduced through AdvisorDirect and who have similar portfolios under management with Investor Solutions. Although not required by AdvisorDirect, Investor Solutions may be more likely to execute transactions for their clients referred through AdvisorDirect with TD Ameritrade, consistent with Investor Solutions’ duty of best execution as further discussed above.

Investor Solutions’ participation in AdvisorDirect raises certain conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisers that encourage their clients to custody assets at TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Investor Solutions has an incentive to recommend to clients that the assets under management by the Firm be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Investor Solutions has agreed not to solicit clients, referred to it through AdvisorDirect, to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Investor Solutions’ participation in AdvisorDirect does not diminish its duty to seek best execution.

TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management or financial planning services to independent investment advisers. TD Ameritrade does not supervise Investor Solutions and has no responsibility for its management of client portfolios, advice or services. The Firm pays TD Ameritrade an on-going fee for each successful client referral, usually a percentage (not to exceed 25%) of the advisory fee (“Solicitation Fee”). Investor Solutions will also pay TD Ameritrade the Solicitation Fee on any advisory fees received from any of a referred client’s family members (including a spouse, child or any other immediate family member who resides with the referred client) and who hired Investor Solutions on the recommendation of such referral.

Additionally, if a client that is successfully referred to Investor Solutions through AdvisorDirect transfers assets held in custody at TD Ameritrade to another financial institution, Investor Solutions may be obligated to pay TD Ameritrade a one-time fee based on the assets that the Firm manages for that client. In addition to the conflict of interest relating to the Firm’s incentive to recommend that client assets be

held in custody with TD Ameritrade as a means of increasing the likelihood of obtaining additional referrals through AdvisorDirect, the one-time fee creates an additional conflict of interest because it creates an incentive for the Firm to encourage referred clients to keep their assets at TD Ameritrade. If a client who would otherwise transfer the assets keeps the assets at TD Ameritrade, the Firm can save itself from paying the one-time fee.

The Firm will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors without cost or at a discount. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates certain conflicts of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

## Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Investor Solutions to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Investor Solutions.

In addition, as discussed in Item 13, Investor Solutions may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Investor Solutions.

## Item 16. Investment Discretion

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

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

## Item 17. Voting Client Securities

### Declination of Proxy Voting Authority

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

## Item 18. Financial Information

Investor Solutions is not required to disclose any financial information due to the following:

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