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Form ADV Part 2A Appendix 1  
Wrap Fee Program Brochure  
February 2017

## **Insight Private Advisors, LLC ("IPA")**

### **Wrap Fee Program**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Insight Private Advisors, LLC ("IPA"). This Brochure also describes IPA's wrap fee investment advisory plan (all the "Plan Programs") and contains information that should be considered before becoming a client of one of the Plan Programs. If you have any questions about the contents of this brochure, please contact us at 908-788-1799.

The Plan Programs may cost more or less than purchasing investment advisory, brokerage, and custodial services separately, depending upon the separate costs of such services and the trading activity in the client's account.

Additional information about Insight Private Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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.

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## **Item 2 Material Changes**

The purpose of this Item 2 is to disclose material changes that have been made to this Wrap Fee Program Brochure since the last annual update of this Brochure.

Since its last annual filing, dated March 16 2016, IPA has updated Items 4 and 9 of this brochure to replace LPL Financial with Purshe Kaplan Sterling Investments.

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## Item 4 Services, Fees and Compensation

IPA seeks to help clients address personal financial goals and concerns through proper planning. IPA endeavors to give clients innovative approaches to finance and different avenues to make money grow for the future. Most importantly, IPA aims to empower clients to make informed and educated choices.

IPA offers a variety of advisory services, which include financial planning, consulting and investment management services. This Wrap Fee Brochure describes the services that it offers as a part of its wrap fee program. For other services please see our Form ADV Part 2A. The Firm's core business objective is to learn and understand clients' investment objectives, concerns and risk tolerance, and to then propose and implement a mutually agreed upon, customized investment and wealth management strategy to address them. After a strategy has been implemented, it is the Firm's responsibility to then closely monitor its progress and report back regularly to the client. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with IPA setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*"). IPA also goes by other business names including:

- Hampton Square Wealth Management
- Moore Wealth Management
- Premier College Funding

IPA has been an independent registered investment adviser since October, 2013 and is principally owned by Robert Bacino. As of January 25, 2017 IPA had \$310,617,021 in assets under management. \$306,808,501 of these assets is managed on a discretionary basis, and \$3,808,520 is managed on a non-discretionary basis.

In addition to the foregoing portfolio management and other services, the Program includes the brokerage services of Purshe Kaplan Sterling Investments ("PKS"). Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC acts as the custodian. IPA is an independently owned and operated and not affiliated with Schwab. Schwab will act solely as a custodian and not as an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from us [or you]. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we [or you] instruct them to. While we recommend that you use Schwab as custodian to participate in our program, you will decide whether to do so and open your account with Schwab or any other custodian by entering into an account agreement directly with them. We do not open the account for you. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described below.

### Investment Management and Wealth Management Services

IPA manages client investment portfolios on a discretionary or non-discretionary basis. IPA primarily allocates client assets among various independent investment managers ("*Independent Managers*"), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and options in accordance with the investment objectives of its individual clients. In addition, IPA may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities

Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

IPA tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. IPA consults with clients on an initial and ongoing basis to develop an Investment Policy Statement ("IPS"), which will address their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify IPA 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 IPA 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.

### **Use of Independent Managers**

As mentioned above, IPA may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either IPA or the client. In addition to this brochure, clients will receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets (if independent managers are used). IPA does not receive compensation from any such *Independent Managers*.

IPA evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. IPA also takes into consideration each *Independent Managers* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

IPA continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. IPA seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Each client in the wrap fee program pays a single all inclusive asset based "wrap" fee for investment advisory services and execution costs. Therefore, such accounts are not separately charged brokerage fees and commissions and custodian charges.

The wrap fee includes the management fee paid to IPA for its services as portfolio manager or adviser as well as compensation paid to the broker-dealer, custodian, and clearing firm for services rendered in the execution of client transactions.

IPA operates its wrap fee advisory services as IPA Asset Management Program ("IAMP")

## **Services and Fees**

Clients may terminate participation in IAMP by providing IPA with written notice. The client's financial advisor may have a financial incentive to recommend a fee-based advisory program, or to recommend a particular account program over another. Financial Consultants of IPA will receive a percentage of the wrap fees paid by advisory clients to compensate them for solicitation, shareholder support, advice, order placement and execution and other services. This compensation may be more than the financial advisor would receive under an alternative Program or if the client paid for advisory, brokerage, and other services separately.

If a client were to purchase services similar to those offered in the IAMP separately, he or she would be required to pay brokerage commissions, custodial fees (if any), and investment advisory fees. Therefore, the IAMP may cost more or less than purchasing these services independently. The factors that should be considered when determining whether to participate in the IAMP include the expected level of trading activity in the account, the corresponding brokerage commissions and transaction-related expenses that would be charged for the execution of trades, and the fees charged for the investment advisory services offered within IAMP. The IAMP fee includes not only the fee of IPA, but also all brokerage commissions for transactions executed in the client's account.

In making the determination of whether the aforementioned wrap fee program is appropriate for their needs, clients should bear in mind that wrap fee arrangements, when compared with the option of paying transaction charges separately, generally result in lower costs during periods when trading activity is heavier, such as the year an account is established. During periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, the overall cost of IAMP will vary significantly, depending on the account size, amount of turnover, type of securities purchased or sold, quantities of securities purchased or sold, commission rates negotiated with the broker/dealer, and the client's tax situation. When making cost comparisons, clients should be aware that the combination of investment advisory and brokerage services available through these programs may not be available separately or may require multiple accounts, documentation and fees.

IPA absorbs certain transaction costs in wrap fee accounts, IPA may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

IPA does not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

## **Other Expenses and Fees**

IPA provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 50 and 300 basis points (0.5000% - 3.00%), depending upon the size of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged monthly in advance, based upon the market value of the assets being managed by IPA on the last day of the previous billing period.

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 change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

### **Fee Discretion**

IPA, in its sole discretion, may 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 client relationship, account retention and *pro bono* activities.

### **Additional Fees and Expenses**

Fees included in the wrap fee include transaction fees for the purchase or sale of securities, but do not include expenses related to the use of margin, wire transfer fees, the fees charged to shareholders of mutual funds or ETFs, and fees charged by regulatory agencies. Expenses for the management fees of third party managers are also not included in the Wrap Program, and to the extent utilized, you will be responsible for such fees.

The advisory fees discussed above do not include certain indirect costs that may be associated with securities purchased or held in an account. Examples of indirect costs include expenses associated with investments in ETFs, mutual funds (as described below), or other pooled investments.

Clients should understand that the annual advisory fees charged in the wrap program are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. Certain open-end mutual funds may also assess a distribution fee or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of this programs.

Clients may be able to purchase mutual funds directly from their respective fund families without incurring IPA's advisory fee. When purchasing directly from fund families, clients may incur a front- or back-end sales charge, or "load". Client should note that IPA will seek to invest in no-load or load-waived. Funds.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not by IPA) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These market timing charges are available in each fund's prospectus.

### **Fee Debit**

Clients generally provide IPA with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to IPA. Alternatively, clients may elect to have IPA send them an invoice for direct payment.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to IPA's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to IPA, subject to the usual and customary securities settlement procedures. However, IPA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. IPA 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, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with IPA (but not IPA) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with IPA.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of PKS may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. *Supervised Persons* may be entitled to a portion of the brokerage commissions paid to *PKS*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. IPA may also recommend no-load or load-waived funds, where no sales charges are assessed.

A conflict of interest exists to the extent that IPA recommends the purchase of securities where IPA's *Supervised Persons* receive commissions or other additional compensation as a result of IPA's recommendations. IPA has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that IPA, in its sole discretion, deems appropriate, IPA may provide its investment advisory services on a fee-offset basis. In this scenario, IPA may offset its fees by an amount equal to the aggregate commissions earned by IPA's *Supervised Persons* in their individual capacities as registered representatives of *PKS*.

## **Item 5 Account Requirements and Types of Accounts**

### **Types of Wrap Fee Account Clients**

IPA provides its services to individuals, trusts, estates, charitable organizations, corporations and other business entities.

### **No Minimum Account Requirements**

IPA does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than IPA. In these instances, IPA may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of IPA.



## Item 6 Portfolio Manager Selection and Evaluation

Accounts are reviewed on an Annual basis by Management to review, oversee and be responsible for the advisory programs offered at IPA.

The wrap fee program offered by IPA is sponsored by the firm, and IPA acts as IPA's portfolio manager. However, IPA may select independent third party investment managers for all or portions of the client investment portfolio with IPA. When other investment managers are selected the client may pay a separate fee to the third party investment manager. IPA recommends third party managers by

### **Types of Advisory Services Offered, Tailoring of Advisory Programs and Reasonable Restrictions**

IPA provides investment supervisory services and manages investment portfolios tailored to achieve its clients' objective and risk tolerance by managing various asset classes with in house personnel that have experience with these assets. For all wrap advisory programs, the IPA clients select the financial consultant with whom they wish to work. The financial consultant will assess the client's prior investment experience, financial goals, time horizon, risk tolerance and investment objectives in order to determine the appropriate program for the client.

Clients may request that reasonable restrictions be imposed on the management of their wrap account.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

IPA may utilize a combination of fundamental, technical and cyclical methods of analysis.

- *Fundamental:* Fundamental analysis is a general assessment based upon various factors including sale price, asset value, market structure, and history. IPA will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.
- *Technical:* Technical analysis employs the use of statistical models and quantitative methodologies to evaluate performance and value over a specified period of time. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients, and may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that IPA will be able to accurately predict such a reoccurrence.
- *Cyclical:* Cyclical analysis is a time based assessment which incorporates past and present performance to determine future value. The primary risk of using cyclical analysis is that past performance cannot guarantee to future results.
- *Third-Party Money Manager Analysis:* We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We review the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic assessment. Additionally, as part of our due diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that the manager may not be able to replicate the success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputation deficiencies.

## **Investment Strategies**

Prior to developing an IPS tailored to each client, the Firm gathers and analyzes detailed information about the client, including goals, existing investments, insurance coverage, sources of income and other assets and liabilities. The Firm then seeks to define the client's investment objectives and risk profile, which together form the basis for the selection and diversification of investments. Once an initial investment strategy is established, the Firm's investment advisors continually monitor its clients' portfolios and rebalance as needed. As part of the Firm's holistic approach to investment strategizing, IPA believes the following are important aspects of a well-rounded strategy:

- Quarterly review of financial situation
- 401K / IRA rollovers
- Investment planning research for existing securities (cost basis, analyst opinion)
- Company stock option planning
- Pension/cash balance review
- Investment tax planning
- Gifting and charitable donations
- Restricted stock unit planning
- Alternative investment planning

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of IPA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that IPA will be able to predict those price movements accurately.

### *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.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market

value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Option transactions involve inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of option contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

#### *Use of Independent Managers*

IPA may recommend the use of *Independent Managers*. In these situations, IPA continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, IPA generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

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

IPA 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 an above average 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 and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact IPA if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### **Performance-Based Fees and Side-By-Side Management**

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

## **Voting Client Securities**

The Firm does not vote nor recommend how to vote proxies on behalf of clients.

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

### **Information Provided to Affiliated Portfolio Managers**

IPA employees who serve as portfolio managers have access to all client information, and updates to such information, obtained by IPA with respect to the particular client accounts they manage. When third party portfolio managers are selected IPA will share client information as deemed necessary for the management of the portfolio (e.g., investment objectives, financial situation, and tax basis).

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

The primary point of contact for clients is the client's financial consultant. There are no restrictions on a client's access to his or her financial consultant. Third party managers typically make themselves available to clients. The availability of clients to contact third party managers is spelled out in the third party manager's ADV Part 2A and/or their investment management agreement with the client.

## **Item 9 Additional Information**

### **Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IPA.

There are no required disclosures of legal or disciplinary events involving IPA or any of its representatives.

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

#### **Registered Representatives of Broker Dealer**

Certain of the Firm's *Supervised Persons* are registered representatives of PKS, an affiliated FINRA member broker dealer. Associated persons of IPA are also insurance agents or brokers with one or more insurance agencies.

In their separate capacities as registered representatives and/or insurance agents, the principals and associated persons of IPA may effect securities transactions and/or purchase insurance and insurance-related investment products for advisory clients, for which they will receive separate and customary compensation. In addition, certain of these individuals may, from time to time, receive incentive awards for the recommendation/introduction of insurance products. While These individuals endeavor at all times to put the interest of the clients first as part of IPA's fiduciary duty, clients should be aware that the receipt of additional compensation creates a conflict of interest, as the firm's representatives have an incentive to recommend investment products based on the compensation received rather than on the client's needs. All investment advisory representatives of the Firm base their recommendations on the

specific needs of the individual client, including the client's stated investment objective, risk tolerance, and investment history, as well as any restrictions on investing imposed by the client, without regard to expected compensation.

## **Code of Ethics**

IPA has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. IPA'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 IPA's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, IPA *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner 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 *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain 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 *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) 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 IPA to request a copy of its *Code of Ethics*.

## **Account Reviews**

For those clients to whom IPA provides investment management services, IPA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. For those clients to whom IPA provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of IPA's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with IPA and to keep IPA informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

## Account Statements and Reports

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 IPA 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 those they receive from IPA or an outside service provider.

Those clients to whom IPA provides financial planning and/or consulting services will receive reports from IPA summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by IPA.

## Client Referrals and Other Compensation

### *Client Referrals*

IPA is required to disclose any direct or indirect compensation that it provides for client referrals. IPA does not have any required disclosures to this Item.

### *Other Economic Benefits*

In addition, IPA is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services.

#### Software and Support Provided by Financial Institutions

IPA may receive from *PKS or Charles Schwab and Co, Inc. ("Schwab")*, a registered broker dealer and custodian which is independently owned and operated from IPA, without cost to IPA, computer software and related systems support, which allow IPA to better monitor client accounts maintained at *PKS or Schwab*. IPA may receive the software and related support without cost because IPA renders investment management services to clients that maintain assets at *PKS and Schwab*. 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 IPA, but not its clients directly. In fulfilling its duties to its clients, IPA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that IPA's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence IPA's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Schwab has provided a loan to IPA to assist its business operations, and the loan is guaranteed by Robert J. Bacino, principal of IPA. The terms of the loan require that management fees to IPA be paid to an account at Schwab for deduction of interest and principal payments on the loan before IPA may access such management fees. The loan agreement contains various representations and covenants by IPA, including, among others, that IPA will maintain at least \$168,000,000 in end client net assets held at Schwab ("Assets Under Management at Schwab"), and that IPA will comply with all applicable laws, regulations, and agreements, and obtain all necessary licenses, consents and permits. Upon the occurrence and during the continuance of an event of default under the loan agreement, Schwab may terminate and/or accelerate the loan, which may have a material adverse effect on the Advisor's ability to perform services to you.

Some of the products, services and other benefits provided by Schwab, including the loan noted above, benefit IPA and may not benefit IPA's client accounts. IPA's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to IPA, or IPA's agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

**Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

IPA places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. IPA may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that IPA is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers.

This type of relationship poses a conflict of interest. However, this conflict is mitigated by IPA's duty to seek best execution and its fiduciary duty to act in its client's best interest.

## **Financial Information**

IPA is not required to disclose any financial information pursuant to this Item 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.