

IFAM CAPITAL

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This Disclosure Brochure (Form ADV Part 2A) provides information about the qualifications and business practices of IFAM Capital, dba of Institutional and Family Asset Management, LLC (hereinafter “we”, “IFAM,” “IFAM Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact IFAM at 970-530-5021. 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. The Firm is a federally registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

Since our previous annual updating amendment of March 29, 2017, we note the following material changes:

- 1) As of January 1, 2018, Clayton E. Hartman is no longer an executive officer of the Firm. He continues to serve as a Senior Advisor and is a member of the Firm's Investment Committee.
- 2) In February 2018, we entered into a "Client Benefit Agreement" with Charles Schwab & Co., Inc., pursuant to which Schwab agreed to pay eligible third-party vendor services based on net new non retirement client assets transferred to Schwab's platform. This agreement is described in detail under Item 12 of this Brochure.
- 3) In an interim amendment in September 15, 2017, we disclosed a change of ownership of our indirect parent company, Focus Financial Partners, LLC.

We have made other stylistic changes and enhancements to our disclosures. Clients are encouraged to read the Brochure in its entirety.

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Item 4. Advisory Business

IFAM offers a variety of advisory services, which include financial planning, consulting, wealth management and investment management services. IFAM is the successor firm of IFM Capital Advisors, LLC, and has been a federally registered investment adviser since October 28, 2014.

IFAM is part of the Focus Financial Partners, LLC ("Focus") partnership. As such, IFAM is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Focus is primarily owned by investment vehicles managed by Stone Point Capital LLC ("Stone Point"). Investment vehicles managed by Kohlberg Kravis Roberts & Co. L.P. ("KKR") are minority owners of Focus. Because IFAM is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of IFAM.

IFAM is managed by Brian Sullivan, Daniel Gamache and others ("IFAM Principals"), pursuant to a management agreement between BAWDCO and IFAM. The IFAM Principals serve as officers of IFAM and are responsible for the management, supervision and oversight of IFAM. Mr. Sullivan serves as the Chief Compliance Officer of IFAM.

As of December 31, 2017, IFAM had approximately \$1,410,429,549 in regulatory assets under management; approximately \$1,231,032,088 was managed on a discretionary basis and approximately \$179,397,461 was managed on a non-discretionary basis for approximately 897 clients.

While this brochure generally describes the business of IFAM, 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 IFAM's behalf and is subject to the Firm's supervision or control.

Advisory Services

IFAM provides holistic and personalized financial planning, wealth management and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, and entities, including retirement plans.

Financial Planning and Consulting Services

IFAM provides a variety of basic and comprehensive financial planning and consulting services to clients. Such engagements generally are part of the investment advisory engagement. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation based on the client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to cash flow analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas relevant to a client's financial situation.

IFAM may be engaged to provide unusual or unusually complex financial planning services on an hourly basis pursuant to a separate engagement. Clients are advised that a conflict of interest exists if pursuant to a separate financial consultation arrangement, IFAM recommends its own services, as such a recommendation may increase the advisory fees paid to IFAM. The client is under no obligation to act upon any of the recommendations made by IFAM under a financial planning or consulting engagement to engage the services of any such recommended professional, including IFAM.

Wealth Management Program Services

We seek to evaluate a client's current financial situation and then to design and implement an investment plan aimed at achieving a client's financial objectives.

Our investment programs use asset allocation models that we have designed for a range of investment objectives and risk tolerances. The models primarily allocate assets among various exchange-traded funds (ETFs), mutual funds and investment managers in accordance with clients' individual investment objectives. Where appropriate, we may also provide advice about legacy positions and other investments held in client portfolios. These services are provided primarily through our role as sponsor and one of the investment managers of the IFAM Wealth Management Wrap Fee Program (the "Program"). For our services as sponsor, we receive a Program fee. When we serve as an investment manager, we receive a Strategy fee. Additional information about these services and our fees is available in our Wrap brochure, which appears as Part 2A Appendix 1 of our Form ADV.

Clients may also engage us 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, we direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

We tailor our advisory services to meet the needs of its individual clients and seek to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. We consult with clients on an initial and ongoing basis to assess their risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify the Firm 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 the Firm 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.

Investment Management Services

We manage proprietary Strategies which are components of some of our Wealth Management Programs.

- A. IFAM Strategic Income Portfolio Strategy. This Strategy invests in 50 equally weighted Large Cap Dividend Growth stocks. We implement an equity collar that allows for 10% annual upside and limits downside risk with a 10% floor. We then seek to produce additional income by writing options (selling calls) against the 50 equity stocks. Investment decisions for the options overlay component of this strategy are made by a third party sub-manager, Cambria, a firm whose Strategy Portfolio Manager was previously employed by IFAM.
- B. IFAM Dynamic Income Portfolio Strategy. This Strategy invests in commodity and global equity market index funds. We then sell calls against those index funds to produce income within the strategy. Investment decisions for the options overlay component of this strategy are made by a third party sub-manager, Cambria, a firm whose Strategy Portfolio Manager was previously employed by IFAM.

Sub-Adviser Services

IFAM may provide investment management services on a discretionary basis to clients of various Registered Investment Advisers' ("RIAs") under a sub-advisory investment management agreement. Under the terms of such an agreement, IFAM is appointed to act as investment manager for accounts of specific clients of the RIAs. IFAM assumes the responsibility for the investment and reinvestment of assets within the client's account. IFAM is then compensated by the RIAs for its service. The fee is based on a portion of the advisory fee that the client pays to its RIAs for managing all or a portion of the client's account.

Retirement Plan Consulting Services

We provide 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. IFAM is able to act as a fiduciary and offer services to plans at ERISA Section 3(21) or 3(38) level. 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 (discretionary or non-discretionary)
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education - (IFAM's assistance in participant education is consistent with and within the scope of the definition of investment education found in Department of Labor Interpretive Bulletin 96-1).

IFAM Capital is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. IFAM Capital is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, IFAM Capital is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

A conflict of interest arises and the prohibited transaction rules are implicated when IFAM Capital recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that IFAM Capital advises or if IFAM Capital recommends that an IRA owner transfer his IRA to an IRA that IFAM Capital advises because IFAM Capital will receive compensation that it would not have received absent the recommendation – i.e., the IRA advisory fee. When IFAM Capital engages in this transaction, it relies on the PTE known as the Best Interest Contract Exemption or BICE which requires compliance with the "impartial conduct standards." The impartial conduct standards are designed to mitigate conflicts of interest by requiring that investment advice be in the "best interest" of the Retirement Account Client, that advisers not make any materially misleading statements and not charge a fee that exceeds a reasonable amount. The best interest standard requires that advisers act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Account Client. This mirrors the prudent man standard of conduct and duty of loyalty found in ERISA."

Item 5. Fees and Compensation

IFAM offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement. Clients receiving similar services may be billed at different rates as fees are negotiable and/or dependent upon the specific nature of the agreement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

Financial Planning and Consulting Fees

IFAM generally charges a fixed fee for providing financial planning and Consulting services under a stand-alone engagement. These fees are individually negotiable and tailored depending upon the scope and complexity of the services and the professional rendering the planning and/or the Consulting services. If the client engages the Firm for additional investment advisory services, IFAM may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or Consulting engagement are set forth in the Consulting Agreement and IFAM generally requires one-half of the fee (estimated fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The Firm does not, however, take receipt of more than \$1,200 in prepaid fees six months or more in advance of services rendered.

Wealth Management Program Fees

Program Fees, which range up to \$350,000 for fixed fees, and 200 basis points (2.00%) for asset-based fees, annually, are individually negotiated and largely determined by the scope and complexity of a particular

engagement. Fees are negotiable and may vary based on a number of factors determined by IFAM, in its sole discretion. These factors may include anticipated future earning capacity, anticipated future additional assets, and dollar amount of assets to be managed, assets in related accounts, account composition, pre-existing client relationships, account retention and *pro bono* activities.

Program Fees are prorated and billed quarterly in advance, except for clients subject to Title 1 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA plans”) which are billed quarterly in arrears. The fee is calculated using the market value of the program assets 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 cycle, the fee payable with respect to such assets is generally adjusted or prorated to account for the interim change in portfolio value. For the initial term of the program, the fee is calculated on a *pro rata* basis. In the event the Wealth Management Agreement is terminated, the fee for the final month is prorated through the effective date of the termination and any unearned fee is refunded to the client.

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

Investment Management Strategy Fees

Clients whose accounts use managers to make individual investment management decisions for a portion of the program assets in their portfolio pay a Strategy fee in addition to the Program fee. Strategy fees for third party managers range from 0.20% to 1.50%. IFAM’s Strategy fees usually range from .70% to 1.00%. IFAM pays Cambria a portion of the Strategy fees it receives to sub-advise the options overlay components of the IFAM Strategic Income Portfolio and the IFAM Dynamic Income Portfolio.

IFAM is an asset manager for certain strategies that are components of two of our programs. We face a potential conflict of interest in recommending IFAM-managed strategies to clients, because we receive both Program fees and asset management fees for those recommendations. That conflict is mitigated through clear disclosure to clients and regular evaluation of our performance. We work to ensure that the total fees paid by clients are reasonable.

Additional Fees and Expenses

In addition to the advisory fees paid to IFAM, 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, fees charged by the Independent Managers, 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.

For clients who choose to custody their securities accounts with Fidelity, TD Ameritrade or Charles Schwab we offer our services in a wrap arrangement, which provides clients with the foregoing services without incurring separate brokerage commissions or transaction charges for trades executed through the broker-dealer custodian (“Program Broker”). The Program Broker and External Managers may purchase or sell securities through a broker/dealer other than the Program Broker. Managers of Fixed Income Securities, which are traded exclusively through dealers, may trade away on a frequent basis. Commissions and other transaction costs (including “trade away” fees imposed by the Program broker) for securities traded away from the broker-dealer designated in our Program are not included in the “wrap fee.” Please read the disclosure brochure for each External Manager carefully.

Retirement Plan Consulting Fees

IFAM may charge a fixed project-based fee or asset-based fee to provide clients with retirement plan Consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Investment Advisory Agreement. These fixed project fees are negotiated with each plan client depending on the complexity and scope of the engagement. In those situations where IFAM has agreed to charge an annual asset-based fee, the fee generally varies between 10 and 100 basis points (0.10% – 1.00%), depending upon the amount of assets to be managed and complexity of the engagement.

Direct Fee Debit

Clients generally provide IFAM and/or certain Independent Managers the authority to directly debit their accounts, via the qualified custodian, for payment of the investment advisory fees. In order to facilitate the direct fee debit, a balance of at least 2% of the account value is typically maintained in a money market instrument. 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 IFAM. Alternatively, clients may elect to have IFAM send a separate invoice for direct payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to IFAM'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 IFAM, 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. IFAM 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.

Commissions and Sales Charges for Recommendations of Securities

Certain Firm representatives who provide investment advice to clients ("advisory persons") are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") a FINRA-registered broker-dealer and member of SIPC.

Certain advisory personnel of the Firm implement securities transactions, acting in their capacity as registered representatives, on a commission basis through PKS. In such instances, these advisory personnel will receive commission-based compensation in connection with the purchase and sale of securities, as well as a share of any ongoing distribution or service (trail) fees, including 12b-1 fees for the sale of investment company products. Compensation earned by these advisory person in his or her capacity as a registered representative is separate from and in addition to IFAM's advisory fee charged on client assets held in advisory accounts. The receipt of such compensation by an advisory person presents a conflict of interest, as an advisory person who is a registered representative has an incentive to effect securities transactions for the purpose of generating commissions and 12b-1 fees rather than solely based on client needs. Moreover, clients may be able to obtain these products less expensively through sources other than PKS that do not generate compensation for the advisory person. IFAM addresses this conflict through disclosure and additionally notes that the Firm does not charge advisory fees on assets where the Firm's advisory personnel, acting in their capacity as registered representatives, receive brokerage compensation (e.g., it does not "double dip"). IFAM additionally notes that clients are under no obligation to purchase securities products through PKS or Firm advisory persons, may choose brokers or agents not affiliated with IFAM or PKS, and in some cases could purchase products directly from fund companies without paying brokerage compensation. IFAM and its advisory personnel endeavor to provide clients with the benefit of holistic advice on all assets for which the Firm and its personnel are compensated, including compensation through brokerage commissions and 12b-1 trails.

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

The Firm 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).

Item 7. Types of Clients

IFAM offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Requirements

IFAM 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 billing practices from the Firm. In these instances, IFAM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

Methods of Analysis

IFAM utilizes a combination of fundamental, technical and cyclical analysis when implementing the Firm's asset allocation strategy.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For IFAM, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon 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 IFAM will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that IFAM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

The Firm primarily allocates client assets among ETFs, mutual funds and managers in accordance with a client's stated investment objectives. In addition, the Firm may also recommend that certain eligible clients 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 a client's portfolio.

Risks of Loss

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of IFAM's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of securities and other asset classes. There can be no assurance that IFAM will be able to predict those price movements accurately or capitalize on any such assumptions.

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 potentially 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 50,000 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.

Use of Independent Managers

As stated above, IFAM may select certain Independent Managers to manage a portion of its clients' assets. In these situations, IFAM continues to conduct 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, IFAM generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

Use of Private Collective Investment Vehicles

IFAM recommends that certain clients invest in or have portfolio exposure to privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities, including the risk of illiquidity. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Risks Associated with Trading Options

Certain strategies where IFAM serves as the Manager center on the trading of options. The purchaser of an option, who has the right to buy or sell a security or other instrument at the agreed-upon "strike" price, risks the loss of premium payments required to purchase the option. The seller of an option, who has the obligation to deliver to the purchaser a security or other instrument at the agreed-upon "strike" price, under certain circumstances risks incurring substantial and immediate losses. Specifically, if the sellers' options are "uncovered" (meaning the seller does not own the underlying security), the seller could suffer huge losses by being required to acquire at market prices securities that are trading at prices vastly different than the agreed upon "strike" price, in order to deliver them to the purchaser. Moreover, sales of options are subject to the costs and risks of trading on margin.

Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the position will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Hedging Transactions

Options may be used for risk management purposes. However, we may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. The use of hedging transactions may result in a poorer overall performance than if we had not engaged in any such transactions. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Cybersecurity

The computer systems, networks and devices used by IFAM Capital and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Item 9. Disciplinary Information

IFAM 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

Registered Representatives of a Broker/Dealer

Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

Licensed Insurance Agents

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that IFAM recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC

IFAM Capital is part of the Focus Financial Partners, LLC ("Focus") partnership. As such, IFAM Capital is a wholly-owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Focus is primarily owned by investment vehicles managed by Stone Point Capital LLC ("Stone Point"). Investment vehicles managed by Kohlberg Kravis Roberts & Co. L.P. ("KKR") are minority owners of Focus. Because IFAM Capital is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of IFAM Capital.

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus, and certain investment vehicles managed by KKR collectively are minority owners of Focus. Because IFAM Capital is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of IFAM Capital. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

IFAM Capital does not believe the Focus Partnership presents a conflict of interest with our clients. IFAM has no business relationship with other Focus Partners that is material to its advisory business or to its clients.

Item 11. Code of Ethics

IFAM 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. 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 the Firm’s 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 of a registered unit investment trust, exchange-traded fund or open end or closed-end investment management company; (iv) shares of equity Securities of a company for which the market capitalization is at least \$2 billion.

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

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions

IFAM generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodians (each, a “BD/Custodian”) with which IFAM has an institutional relationship. Currently, this includes

Fidelity, TD Ameritrade Institutional Wealth Services and Charles Schwab (“Fidelity”, “TD Ameritrade” or “Schwab”; collectively, “Custodians”) each of whom is a “Qualified Custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Custodians provide custody of securities, trade execution, and clearance and settlement of transactions placed by IFAM. If your accounts are custodied at a B/D Custodian, the B/D Custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

Factors which IFAM considers in recommending a B/D Custodian or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Custodians 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 Custodians may be higher or lower than those charged by other Financial Institutions.

IFAM generally places portfolio transactions through the BD/Custodian where the clients’ accounts are custodied. In exchange for using the services of the BD/Custodian, IFAM receives, without cost, computer software and related systems support that allows IFAM to monitor and service its clients’ accounts maintained with such BD/Custodian.

Custodian benefits

Custodians make available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist us in managing and administering client accounts. They may include investment research, both the Custodian's own and that of third parties. IFAM may use this research to service all or some substantial number of client accounts, including accounts not maintained at that B/D Custodian. In addition to investment research, Custodians also make 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.

Custodians also offer 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.

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

Client benefit agreement:

IFAM intends to continue to recommend that clients custody their assets with Schwab. In February 2018, IFAM entered into a "Client Benefit Agreement" with Schwab, pursuant to which Schwab agreed to provide IFAM with reimbursement of account exit fees and eligible third party expenses, such as marketing, technology, consulting and research expenses, for a value not to exceed \$100, 000, based on the transfer of net new non-retirement assets to Schwab within 12 months of the date of the Agreement. These products and services from Schwab other than account exit fees benefit IFAM in that IFAM does not have to purchase them. The benefits may incentivize IFAM to routinely recommend Schwab as custodian over custodians who do not offer such products and services. IFAM addresses this conflict of interest through disclosure and believes it is appropriate if so disclosed.

Best execution

IFAM will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. 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 broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and

- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

Custodians provides to IFAM, without cost, research and trade execution services. Custodians makes these services available to similarly situated investment advisers whose clients custody their assets with their firms. Access to research and trade execution services is not predicated on the execution of client securities transactions (e.g., not "soft dollars.") IFAM has not entered into any formal "soft dollar" arrangements with broker-dealers.

IFAM's clients may utilize qualified custodians other than Schwab for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

Brokerage for Client Referrals

IFAM does not select or recommend broker-dealers based solely on whether or not it may receive client referrals from a broker-dealer or third party.

Client-Directed Brokerage

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage IFAM to manage on a discretionary basis, IFAM has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by IFAM. In selecting a broker-dealer to execute a client's securities transactions, IFAM seeks prompt execution of orders at favorable prices.

A client, however, may instruct IFAM to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if IFAM exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- IFAM's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of IFAM's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because IFAM may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

In addition to accounts managed by IFAM on a discretionary basis where the client has directed the brokerage of his/her account(s), certain institutional accounts may be managed by IFAM on a non-discretionary basis and are held at custodians selected by the institutional client. The decision to use a particular custodian and/or broker-dealer generally resides with the institutional client. IFAM endeavors to understand the trading and execution capabilities of any such custodian and/or broker-dealer, as well as its costs and fees. IFAM may assist the institutional client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out IFAM's investment recommendations.

Trade Aggregation

IFAM aggregates securities transactions, meaning the Firm purchases or sell the same securities for several clients at approximately the same time, when the Firm deems it advantageous to do so. IFAM 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 process, transactions will generally be averaged as to price and allocated among IFAM's clients pro rata to the purchase and sale orders placed for each client on any given day.

Trade Error Policy

Any trade errors will be rectified to make the client whole, as if the error did not occur. IFAM has the responsibility to effect orders correctly, promptly and in the best interest of our clients. Should an error occur in the handling of a client transaction, IFAM seeks to identify and correct it as soon as possible without disadvantaging the client or benefitting IFAM in any way.

IFAM is always responsible for trade error losses. When offered the option, IFAM elects to keep trade error gains in order to net them against trade error losses and the client does not receive the benefit of any trade error gains. IFAM calculates net trade errors on a quarterly basis. To the extent any trade error gains remain at the end of the quarter, the full amount will be donated to a 501(c)(3) charity of our choice.

Item 13. Review of Accounts

Account Reviews

IFAM's Investment Adviser Representatives attempt to review all accounts semi-annually, but will do so no less than annually. Those reviews address the Firm's previous services and/or recommendations and the impact resulting from any changes in the client's financial situation and/or investment objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with IFAM and to keep the Firm informed of any changes thereto.

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 IFAM and/or an outside service provider for accounts with assets under management in excess of \$100,000, 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 IFAM or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

IFAM has arrangements in place with certain third parties whereby the firm provides compensation for client referrals. Specifically, IFAM I has entered into solicitation agreements with Don Graubart, Philanthrocorp, Gates & Kirby and Parson's Insurance. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. IFAM addresses these conflicts through this disclosure. If a client is introduced to IFAM by a solicitor, IFAM has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any referral fees incurred for successful solicitations are paid solely from IFAM's investment management fee, and do not result in any additional charge to the client. If the client is introduced to IFAM by a solicitor, the solicitor is required to provide the client with a copy of IFAM's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive.

Other Compensation

IFAM's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include IFAM Capital, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including IFAM. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including IFAM. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause IFAM to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including IFAM. Conference sponsorship fees are not dependent on assets placed with any specific

provider or revenue generated by such asset placement. The following entities have provided conference sponsorship to Focus in the last year:

- Fidelity Brokerage Services
- J.P. Morgan Asset Management
- Charles G. Schwab & Co.

Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize IFAM and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit 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 IFAM.

In addition, as discussed in Item 13, IFAM 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 IFAM.

Item 16. Investment Discretion

IFAM may be given the authority to exercise discretion on behalf of clients. IFAM 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. The Firm is given this authority through a power-of-attorney included in the agreement between IFAM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). IFAM takes discretion over the following activities:

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

Item 17. Voting Client Securities

Declination of Proxy Voting Authority

Clients have the option of choosing to delegate proxy voting authority to IFAM, whereby we avoid potential conflicts of interest in proxy voting by relying on the recommendations of an independent proxy advisory service. Clients who would like to know how their proxies were voted may contact us.

Item 18. Financial Information

IFAM 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.