

**XY INVESTMENT SOLUTIONS WRAP PROGRAM**

Sponsored by

**XY INVESTMENT SOLUTIONS, LLC**

*a Registered Investment Adviser*

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

## **Item 2. Material Changes**

In this Item, XY Investment Solutions is required to discuss any material changes that have been made to the brochure since the last annual amendment. There are no such material changes to disclose.

### Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Account Requirements and Types of Clients .....	7
Item 6. Portfolio Manager Selection and Evaluation .....	7
Item 7. Client Information Provided to Portfolio Managers .....	9
Item 8. Client Contact with Portfolio Managers .....	9
Item 9. Additional Information .....	9

## Item 4. Advisory Business

The XY Investment Solutions Wrap Program (the “Program”) is an investment advisory program sponsored by XY Investment Solutions. The Program allows registered investment advisers that are part of the XY Planning Network (“RIAs”), but not affiliated with XY Investment Solutions, to select portfolios for clients that are managed by one or more Independent Managers that are available through the Program. Prior to XY Investment Solutions rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with XY Investment Solutions and/or the RIAs setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

XY Investment Solutions filed for registration as an investment adviser in January 2017 and is owned by XY Planning Network, LLC. As of the date of this filing, XY Investment Solutions does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

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

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients to access certain Independent Managers to manage their portfolios without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Clients must open a new securities brokerage account and complete a new account agreement with TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“TD Ameritrade”), or another broker-dealer that XY Investment Solutions approves under the Program (collectively “Financial Institutions”).

XY Investment Solutions selects one or more Independent Managers to actively manage clients' assets in various portfolios. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. XY Investment Solutions evaluates a variety of information about Independent Managers, 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. XY Investment Solutions also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

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

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, RIAs assist their clients in developing an appropriate strategy for managing their assets.

Clients' investment portfolios are managed on a discretionary basis by XY Investment Solutions and the Independent Managers. XY Investment Solutions discretion is limited to the selection of Independent Managers, and not the specific investments made in client accounts. RIAs may have discretionary or non-discretionary authority to allocate client accounts within the portfolios available on the Program, as recommended or selected by XY Investment Solutions. The Independent Managers generally allocate clients' assets among the various investment products available under the Program, as described further in Item 6 (below).

## **Fees for Participation in the Program**

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The Program is offered for 35 basis points (0.35%) of the assets under management in the Program (the "Program Fee"). The Program Fee covers the fees for XY Investment Solutions, the Independent Manager(s) and transaction fees charged by the Financial Institutions ("Program Fee"). The RIA's fee is charged separately and is in addition to the Program Fee.

The annual fee is prorated and charged quarterly, in arrears, based upon the market value of the average daily account balance for the quarter. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

## **Fee Comparison**

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As referenced above, a portion of the fees paid to XY Investment Solutions are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios, as well as the fees charged by the Independent Managers engaged to provide services under the Program.

Independent Managers servicing accounts through the Program receive a fee based upon the assets under their management which ranges from 10 to 20 basis points (0.10% to 0.20%). Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs. While XY Investment Solutions has negotiated asset-based pricing with TD Ameritrade, there is an incentive for the Firm and the Independent Manager(s) to engage in less transactions since the brokerage pricing is based on trading activity or other revenue.

## **Fee Discretion**

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XY Investment Solutions, 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/legacy client relationship, account retention and pro bono activities. These negotiations are generally between XY Investment Solutions and the RIA, not the end client.

## **Other Charges**

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In addition to the advisory fees paid to XY Investment Solutions, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges may include, 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 Program Fees and other fund expenses), fees and commission for assets not held with TD Ameritrade (such as 401(k) or 529 plan assets), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees.

## **Direct Fee Debit**

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Clients generally provide XY Investment Solutions with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to XY Investment Solutions. For RIAs that are state registered, XY Investment Solutions may also send those RIAs' clients a written invoice itemizing the fee, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

## **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to XY Investment Solutions's right to terminate an account. Additions may be in cash or securities provided that the Firm and the Independent Manager(s) reserve 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 XY Investment Solutions, subject to the usual and customary securities settlement procedures. However, XY Investment Solutions and the Independent Manager(s) design portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to fees assessed at the mutual fund level (e.g., contingent deferred sales charges or early redemption fees) and/or tax ramifications.

## **Compensation for Recommending the Program**

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XY Investment Solutions has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. RIAs set the fees they charge to clients and any compensation amongst their own staff.

## **Item 5. Account Requirements and Types of Clients**

XY Investment Solutions offers services to individuals, corporations and business entities. XY Investment Solutions does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

## **Item 6. Portfolio Manager Selection and Evaluation**

### **Selection and Review of Independent Managers**

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As discussed above, clients' investment portfolios are managed through the use of Independent Managers, as referenced above. XY Investment Solutions selects one or more Independent Managers to actively manage clients' assets in various portfolios. XY Investment Solutions evaluates a variety of information about Independent Managers, 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, fees, additional services provided to RIAs and XY Investment Solutions and access to mutual funds (such as DFA Funds). XY Investment Solutions also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities,

among other factors. The Independent Manager(s) selected by XY Investment Solutions will not be related persons of XY Investment Solutions.

XY Investment Solutions continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. XY Investment Solutions seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests. XY Investment Solutions anticipates that Independent Managers may deliver communications directly to Program clients. Where the communication includes performance-based information (such as composite performance by the Independent Manager), XY Investment Solutions does not review or otherwise verify the accuracy of the information.

XY Investment Solutions expects to make a limited number of Independent Managers available at any time. Initially, the Firm will only use one investment adviser to develop and manage, on a discretionary basis, five or less primary models with a tax overlay for each model. RIAs will choose the allocation amongst the models for their clients. The Independent Manager will bring recommended allocation changes within the models (such as changing percentages of equity holding in a portfolio) to XY Investment Solutions for prior approval. XY Investment Solutions will share those recommendations with RIAs.

## **Side-By-Side Management**

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XY Investment Solutions does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Risk of Loss**

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Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. XY Investment Solutions continues to conduct ongoing due diligence of Independent Managers that manage client assets, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, XY Investment Solutions will not have the ability to supervise the Independent Managers on a day-to-day basis. Clients will receive the disclosure brochure of the Independent Managers that manage that client's account. That disclosure brochure will discuss the investment strategies, methods of analysis and risks of loss for that Independent Manager's management.

## **Voting of Client Securities**

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XY Investment Solutions generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are



custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

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

The Firm is authorized to disclose various personal information to Independent Managers including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. XY Investment Solutions may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios. RIAs may provide similar information to XY Investment Solutions.

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

Clients are encouraged to direct questions about their account and the Program to their RIA. Clients can, however, generally contact the XY Investment Solutions by requesting such from their RIA. After receiving the request, XY Investment Solutions will contact the client. If the clients wishes to communicate with the Independent Managers, the RIA can request such of XY Investment Solutions. XY Investment Solutions will attempt to engage the Independent Manager to communicate with the client, but Independent Managers are not required to engage in such communications.

## **Item 9. Additional Information**

### **Disciplinary Information**

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

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

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This item requires investment advisers to disclose certain financial industry activities and affiliations.

## *Affiliation with Other Investment Advisers*

Certain of XY Investment Solutions' Supervised Persons, in their individual capacities, are also investment adviser representatives or consultants with other advisory firms. Michael Kitces is the Director of Research, investment adviser representative, and approximate 2% owner of Pinnacle Advisory Group, Inc. Robert Alan Moore is a consultant of Abacus Wealth Partners. A conflict of interest exists to the extent that XY Investment Solutions or its Supervised Persons recommends those firms to clients or where those firms recommend their clients use the Program. In order to mitigate these conflicts, XY Investment Solutions does not allow such cross referrals.

## *XY Planning Network*

The Firm is under common control with the XY Planning Network. XY Planning Network is a community-driven advisor support network of more than 340 financial advisors that provides tools, resources, and services, to enable state-registered RIAs to start, run, and grow their own fee-only financial planning practices serving Gen X and Gen Y clients for a monthly subscription fee. XYPN connects consumers with our diverse community of fee-only CFPs dedicated to bringing real financial planning to the next generation without regards to investment account minimums.

## **Code of Ethics**

XY Investment Solutions 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. XY Investment Solutions' 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 XY Investment Solutions'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 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 XY Investment Solutions to request a copy of its Code of Ethics.

### **Account Reviews**

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XY Investment Solutions monitors Independent Manager(s)' management of client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm's Principals. All investment advisory clients are encouraged to discuss their needs, goals and objectives with their RIA including any changes thereto.

### **Account Statements and General Reports**

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

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

The Firm may receive referral fees from B+ Institutional Services, LLC where XY Planning Network members open accounts with B+ Institutional Services. The fees from B+ Institutional Services are paid according to applicable state securities laws. While the Program does not utilize B+ Institutional Services in any way, it is possible that clients of the Program are also B+ Institutional Services clients for which XY Investment Solutions receives a referral fee. XY Investment Solutions does not, make any recommendations to end clients to open accounts with B+ Institutional Services or through the Program. Those recommendations and/or decisions are made by the client's RIA and the client. Therefore, XY Investment

Solutions does not believe that there is any conflict of interest with regard to the B+ Institutional Services relationship. The Firm does not consider the clients that open accounts at B+ Institutional Services to be XY Investment Solutions' advisory clients.

## **Receipt of Economic Benefit and Brokerage Practices**

XY Investment Solutions requires that clients utilize the custody, brokerage and clearing services of TD Ameritrade for investment management accounts in the Program.

Factors which XY Investment Solutions considers in recommending TD Ameritrade or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. XY Investment Solutions does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

In seeking best execution in recommending TD Ameritrade, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Because the Firm does not manage the client accounts on the Program, but merely selects the Independent Managers, the Firm relies on the Independent Managers to ensure that TD Ameritrade provides best execution for that Independent Managers trading.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist XY Investment Solutions in its investment decision-making process. The receipt of investment research products and/or services poses a conflict of interest because XY Investment Solutions does not have to produce or pay for the products or services.

XY Investment Solutions may receive without cost from TD Ameritrade computer software and related systems support, which allow XY Investment Solutions to better monitor client accounts maintained at TD Ameritrade. XY Investment Solutions may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at TD Ameritrade. 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 XY Investment Solutions, but not its clients directly. In fulfilling its duties to its clients, XY Investment Solutions endeavors at all times to put the interests of its clients first. Clients should be aware, however, that XY Investment Solutions' receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, XY Investment Solutions may receive the following benefits from TD Ameritrade:

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

In addition, TD Ameritrade provides access to its investment adviser platform to XY Planning Network member advisers regardless of the assets managed or place on the TD Ameritrade platform by such adviser. Furthermore, TD Ameritrade is a co-national sponsor of the XY Planning Network. TD Ameritrade pays a flat fee for the year, and in return receives marketing to XY Planning Network members. The TD Ameritrade logo is included in the XY Planning Network's newsletter, TD Ameritrade gives quarterly sales webinars to members, and other opportunities to market to those members. TD Ameritrade also sponsors the XY Planning Network National Conference by purchasing a booth and other sponsorship fees. These relationships result in a conflict of interest for XY Investment Solutions to recommend TD Ameritrade for the Program.

### **Financial Information**

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

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