

INDEPENDENT WEALTH NETWORK, INC  
ADV PART 2A – Firm Brochure  
IARD# 286262

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This ADV Part 2A brochure provides information about the qualifications and business practices of Independent Wealth Network, Inc. If there are any questions about the contents of this brochure, please contact us at (515) 255-3354 or WWW.INDWEALTH.NET. 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. Additional information about Independent Wealth Network, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SEC registration does not imply a certain level of skill or training.

## Material Changes

There are no material changes since inception on April 28, 2017.

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### **ADV Part 2B – Brochure Supplement (IAR Resume Brochure)**

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## **Advisory Business**

Founded in 2017, IWN is a privately held, SEC-Registered Investment Adviser which is headquartered in Urbandale, Iowa. Independent Wealth Network, Inc. is owned by Deborah Jackson, who will act as the Chief Compliance Officer.

Independent Wealth Network, Inc. ("IWN"), through its Investment Adviser Representatives ("IARs"), offers investment advisory services that are tailored to the client's individual situation. The IAR will direct clients to an investment program specifically for the client after a review of the client's financial situation, risk tolerance, time horizon and goals. The investment program recommended may be an IAR as manager program and or the investment program may also use other third-party managers, to meet the client's investment goals.

Many factors affect which advisory programs an IAR may recommend to clients. Such factors as the client's investment objectives, and the IAR's expertise and business practices will help determine which advisory program may be most appropriate for the client.

When an advisory program is decided on, the client must complete a selected advisory agreement with the assistance of their IAR. The selected advisory agreement outlines client's investment objectives, financial circumstances, risk tolerance and any restrictions the client may wish to impose on their investment activities. Clients are asked to inform IWN in writing of any material change in their financial circumstances that might affect the way their assets should be invested. The IAR will be available to the client for consultation on these matters, and will act on any changes in a client's financial circumstances deemed to be material or appropriate as soon as practical after the IAR becomes aware of the change.

## **Financial Planning or Consulting Services**

Clients may enter into a Financial Planning Service Agreement or Consulting Services Agreement with IWN. Under a Financial Planning Service Agreement, the IAR provides advice to the client in the form of a written financial plan that is based on the client's current and anticipated financial condition and which addresses the client's financial goals. Generally, a financial plan covers at least three financial goals of the client. Clients may receive financial advice on a more limited scope with a Consulting Services Agreement. Financial advisory topics include advice on areas of concern such as estate planning, retirement planning, college education planning, business planning, real estate, insurance and tax planning or other financial goals.

Financial plans or consulting services generally involve a review by IWN of the client's financial condition at the time of service, with no ongoing responsibility to select or make future recommendations after the conclusion of the consultation or the delivery of the written plan. Each IAR utilizes different planning and investment strategies along with IWN-approved software tools when making recommendations and recommending investment allocations for client accounts. Plan supervision is guided by the stated objectives of the client and the written plan. In some instances, advice rendered using financial planning or consulting services may include the recommendation of specific investment and/or insurance products. The client is not obligated to make a purchase of an investment or product through the IAR. IARs working in this capacity do not offer tax or legal advice. The client should seek their own legal or tax advisers for specific advice.

Financial plans or consulting services may make future and hypothetical projections using information provided by the client. Information provided to IAR is believed to be accurate. There are no guarantees on the performance of the plan or consulting services provided.

## **Types of Clients**

The programs offered by IWN through its IARs may be offered to individuals, retirement accounts, IRAs, Roth IRAs, SEP IRAs, trusts, banks or thrift institutions, pension and profit sharing plans, estates, charitable organizations and corporations. The program elected may have limited exceptions for the stated minimums.

The relationship between the IAR and the client usually pre-exists the establishment of an advisory account, therefore, IWN does not “assign” an IAR to a client. If a client wishes to have a different IAR service their account, IWN will assist the client in establishing or transitioning to such a relationship. IWN requires its IARs to have successfully passed the applicable required industry examination and to have obtained state registration.

### **Third-Party Managers and Separately Managed Accounts**

IWN has agreements with third-party managers that IARs may recommend to clients. The third-party manager will direct the client’s investments. The IAR assists the client in completing a suitability review and a review of the manager’s strategies to meet the client’s goals. IARs do not provide continuous and regular management of these assets. The IAR may assist with choosing an appropriate investment strategy or allocation and may periodically suggest changes due to market factors or changes in the client’s financial goals.

IWN and the IAR recommending a third-party manager to clients receive a solicitor’s fee as compensation because of a client’s participation in a program and for as long as the client remains in the program. Any such solicitor’s fee paid is solely from the gross fee and does not result in any additional charge to the client. The amount of this compensation may be more than what the IAR would receive if the client participated in other sponsored programs or paid separately for investment advice and other services. Therefore, the IAR may have a financial incentive to recommend this program over other programs or services. The selected qualified custodian maintains the client assets and will provide a portfolio statement at least quarterly.

Clients are advised to read the third-party manager’s disclosure brochure for complete information on their individual program and fees. Third-party managers may require some notice before cancellation, however, any unearned portion of a prepaid fee shall be refunded to the client on a pro rata basis.

The separately managed account platforms are offered by IARs to access third-party managers to meet the investment management and asset allocation needs of clients. IARs will obtain the necessary financial data from the client; assist the client in determining the client’s risk tolerance and ability to take risks; and assist the client in selecting appropriate investment strategies from the available third-party managers. The maximum fee on any of the third-party asset management programs is 3.00% of assets per year, and the fee clients pay is negotiable with their IAR. A portion of the fee collected from the client’s account, using any of the third-party managers, will be paid to IWN and the IAR as compensation for the role as a solicitor. IWN will monitor the third-party managers for suitability, performance and compliance as it relates to the client’s account. Please consult the third-party manager’s disclosure brochure for more information about their methods, costs, fees, risks, etc. This brochure should be provided by the IAR and should be in a similar format to the document you are now reading.

The following third-party manager platforms are available from the Custodian, TD Ameritrade Managed Account Program, TD Ameritrade Unified Managed Account Exchange, and TD Ameritrade Separate Account Exchange.

### **Third-Party Models, Model Providers and Overlay Managers**

Many asset managers available are accessed using investment models (“Third-Party Models”), whereby the asset manager, acting as a “Model Provider,” constructs an asset allocation and selects the underlying investments for each portfolio. Overlay Managers perform overlay management of the Third-Party Models by implementing trade orders and periodically updating and rebalancing each Third-Party Model pursuant to the direction of the Model Provider. The Model Provider may, from time to time, replace existing models or hire others to create models and cannot guarantee the continued availability of these models.

Certain Model Providers may pursue an investment strategy that utilizes underlying mutual funds or exchange traded funds advised by the Model Provider or its affiliate(s) (“Proprietary Funds”). In such situations, the Model Provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisor or other service provider to the Proprietary Fund (as detailed in the Proprietary Fund’s prospectus). These fees will be in

addition to the management fees that a Model Provider receives for its ongoing management of the Third-Party Models and creates a financial incentive for the Model Provider to utilize Proprietary Funds. Clients should discuss any questions with or request further information from their IAR concerning the use of Proprietary Funds in Third-Party Models, or the conflict of interest this creates.

### **Wealth Advisor Program**

In its Wealth Advisor Program, IWN through its IARs, provides regular and continuous management of client portfolios based on the client's investment goals with the IAR acting with trading authority (discretion) to direct trades for the client's account. Each IAR utilizes their own investment strategies when managing client accounts. Account supervision is guided by the stated objectives of the client. The IAR may recommend that clients establish a brokerage account with the custodian to maintain custody of client's assets and to effect trades for their accounts. The client's will make the decision as to which custodian to use.

IWN and the custodian each reserve the right to reject and not provide services to any client or with respect to any client account for any reason. The client may be responsible for transaction charges in addition to the IAR's advisory fee unless otherwise stated in the client's Advisory Account Agreement. The advisory fee is negotiated based on the complexity of the investment strategy and the account size.

### **Fees and Compensation**

Independent Wealth Network, Inc. receives fees and compensation in multiple ways depending on the advisory services chosen by the client.

### **Financial Planning or Consulting Services**

Compensation for Financial Planning or Financial Consulting Services is negotiable with the IAR providing services on behalf of IWN on either an hourly basis or a fixed fee with a minimum of \$300. The fixed fee is not based on a percentage of the client's assets. The client is billed the hourly fees accrued, or at the completion of the plan. This negotiated fee may vary upwards from \$300 depending on the complexity of the client's financial condition, special project or the plan or service. Plans must be delivered within six months of contract execution.

Clients residing in Iowa will be subject to a 6% state sales tax and additional local taxes when applicable.

### **Fee-Based Compensation**

Generally, IWN is compensated with fees based on a percentage of the value of eligible assets in the account on the first business day of the billing month (advance billing method). Management fees are negotiated with the IAR providing services on behalf of IWN and are assessed monthly, unless otherwise specified. The fee is deducted directly from the client's account unless otherwise specified in the selected Investment Advisory Agreement. Fees are based on the value of the assets in the client account, and compensation is not based on a share of capital gains upon, or capital appreciation of the funds, or any portion of client funds.

Program account size minimums are \$25,000 with limited exceptions that may affect the fee. The client may pay a fee ranging from .45% to 3.00% based on assets under management as determined by the selected Investment Advisory Agreement. Third-party manager fees will be covered in the manager's disclosure document. In addition, accounts may be subject to additional custodial transactions fees. The fee is not to exceed 3.00% of assets under management unless disclosed in the selected Investment Advisory Agreement, excluding distinct fees and expenses charged by mutual funds or structured products described in the product's brochure.

Upon notice, whenever there are changes to the fee schedule, the schedule of charges previously in effect shall continue until the next billing cycle.

### **Third-Party Managers and Separately Managed Accounts**

IWN will be paid a solicitor's or referral fee for referring business to third-party managers. IWN retains a portion of the fee and a portion is paid to the IAR. The solicitor's or referral fee generally is paid out of the gross fees charged by the third-party manager. Please see specific plan documents for full description of fees which may or may not include brokerage fees, custody fees and/or fund expenses.

Total fees are based on a percentage of the value of eligible assets in the client's account from inception date to the last business day of the billing month. The total fees and costs are determined by the client's selected program and are detailed in the selected Investment Advisory Agreement. Please read the selected program's brochure for fees. Clients may pay additional fees such as custodian fees and mutual fund fees. Please see the fund's prospectus for a description of fund fees. Clients may exclude from accounts certain securities which are considered "unmanaged." Unmanaged assets will be excluded from billing and performance reports. Any unearned portion of a prepaid fee shall be refunded to the client on a pro rata basis.

### **Wealth Advisor Program**

The Wealth Advisor Program is a portfolio advisory/management service generally provided by the IAR on a discretionary basis. The client is responsible for transaction charges in addition to the advisory fee unless otherwise stated in the client's Wealth Advisor Agreement. The advisory fee, which may range from .45% to 3.00%, is negotiated based on the complexity of the investment strategy and the account size of the securities portfolio. The minimum account size is \$25,000 per household, with limited exceptions. The following fee schedule is recommended:

<b>Account Value</b>	<b>Maximum Annual Fee, billed monthly</b>
<b>First \$100,000</b>	<b>3.00%</b>
<b>\$100,001 - \$500,000</b>	<b>2.50%</b>
<b>\$500,001 - \$1,000,000</b>	<b>2.25%</b>
<b>Over \$1,000,000</b>	<b>2.00%</b>

Advisory fees are deducted from the client's account unless otherwise agreed upon in the Investment Advisory Agreement and may be subject to additional custodial fees.

Fees are based on a percentage of the value of eligible assets in the account on the first business day of the month and are billed in the that month. Clients may pay additional fees such as custodian fees and mutual fund fees. Please see the fund's prospectus for a description of fund fees. Clients may exclude certain securities which are considered "unmanaged." Unmanaged assets will be excluded from billing and performance reports.

### **Termination Fees**

The selected Investment Advisory Agreement may be terminated by IWN, or the client, with a full refund of fees if such termination occurs within five (5) business days after the Agreement has been signed. Thereafter, the Agreement may be terminated by either party with 30 days written notice to the other party, sent via U.S. mail. Any unearned portion of a prepaid fee shall be refunded to the client on a pro rata basis.

Upon termination of the relationship, IWN will accept the client's instructions regarding disposition of the account, which may include transferring the client's account to a brokerage account, to a new custodian designated by the client or by liquidating the client's account. The client should be aware that certain mutual funds impose redemption fees in certain circumstances as stated in each company's fund prospectus. Client must keep in mind that the decision to liquidate may result in tax consequences that should be discussed with the client's tax adviser. Due to the administrative processing time needed to terminate the client's investment advisory service, it may take several business days under normal market conditions to process the client's request for liquidation or transfer. During this time, the client's account is subject to market risk. All efforts will be made to process the termination in an efficient and timely manner.

Neither IWN, nor the client, may assign the Investment Advisory Agreement without the consent of the other party.

IWN, its supervised persons and IARs generally do not accept compensation or commission for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

The IAR may be in conflict by recommending the client sell a security and select an investment program that over the life of the program offers more compensation than the IAR may have earned by using a full-service brokerage account or by the client implementing the advice elsewhere.

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

IWN through its IARs offers many investment strategies formed with several methods of analysis. Client accounts are managed to the client's unique needs and goals. The methods of analysis and investment strategies depend on the IAR's experience and personal investment philosophy. The IAR may use allocation and timing strategies including charting, fundamental analysis, technical analysis and cyclical analysis. IARs have access to multiple reputable research firms and recommended lists of funds, ETFs and equities.

IWN does not endorse or recommend any method or investment strategy. IWN believes in the basic tenets of Modern Portfolio Theory and properly allocating accounts to four primary asset classes. The client must best describe their financial goals and objectives to their IAR to help determine which strategy or strategies to implement. Investing involves many risks including loss of principal. The client and IAR should discuss the prevalent risks associated with the selected advisory program with the client's risk tolerance and whether the client is suitable for taking the specific risk inherent with investing. The following are risks associated with investing in programs offered through IWN.

### **Risks Associated with Investing**

The following risks should be taken into consideration by the client before investing:

**Asset Allocation Risk** — The risk that an IAR's decisions regarding a portfolio's allocation to asset classes or underlying funds will not anticipate market trends successfully.

**Asset-Backed Securities Risk** — Payment of principal and interest on asset-backed securities is dependent largely on the cash flows generated by the assets backing the securities, and asset-backed securities may not have the benefit of any security interest in the related assets.

**Below Investment Grade Securities Risk** — Fixed income securities rated below investment grade (junk bonds) involve greater risks of default or downgrade and are more volatile than investment grade securities.

**Commodity-Linked Securities Risk** — Investments in commodity-linked securities may be more volatile and less liquid than direct investments in the underlying commodities themselves. Commodity-related equity returns can also be affected by the issuer's financial structure or by the performance of unrelated businesses.

**Closed-End Fund Risk** — Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another client is willing to pay rather than on the market value of the securities in the fund.

**Convertible and Preferred Securities** — Convertible and preferred securities have many of the same characteristics as stocks, including many of the same risks. In addition, convertible bonds may be more sensitive to changes in interest rates than stocks. Convertible bonds may also have credit ratings below investment grade, meaning that they carry a higher risk of failure by the issuer to pay principal and/or interest when due.



**Corporate Fixed Income Securities Risk** — Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as perceptions of the creditworthiness and business prospects of individual issuers.

**Credit Risk** — The risk that an issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor its financial obligation.

**Currency Risk** — Because of investments in securities denominated in, and/or receiving revenues in, foreign currencies the risk that those currencies will decline in value relative to the U.S. dollar, or in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency hedged. In either event, the dollar value of an investment would be adversely affected. To the extent that a portfolio takes active or passive positions in currencies, it will be subject to the risk that currency exchange rates may fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad.

**Derivatives Risk** — A portfolio's use of futures, forwards, options and swaps is subject to market risk, leverage risk, correlation risk and liquidity risk. Leverage risk, liquidity risk and market risk are described below. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A portfolio's use of forwards and swap agreements is also subject to credit risk and valuation risk. Valuation risk is the risk that the derivative may be difficult to value and/or valued incorrectly. Credit risk is described above. Each of these risks could cause a portfolio to lose more than the principal amount invested in a derivative instrument.

**Directional or Tactical Strategies Risk** — Directional or tactical strategies usually use long and short positions which entail prediction on the direction into which the overall market is going to move. Directional or tactical strategies may utilize leverage and hedging. Risk of loss may be significant if the portfolio's judgment is incorrect as to the direction, timing or extent of expected market moves.

**Distressed Securities Risk** — Distressed securities frequently do not produce income while they are outstanding and may require a portfolio to bear certain extraordinary expenses to protect and recover its investment. Distressed securities are at high risk for default.

**Duration Risk** — Longer-term securities in which a portfolio may invest are more volatile. A portfolio with a longer than average portfolio duration, is more sensitive to changes in interest rates than a portfolio with a shorter than average portfolio duration.

**Equity Market Risk** — The risk that stock prices will fall over a short or extended period.

**Event-Driven Strategies Risk** — Event-driven strategies involve making evaluations and predictions about both the likelihood that a particular event in the life of a company will occur and the impact such an event will have on the value of the company's securities. The transaction in which such a company is involved may either be unsuccessful, take considerable time or may result in a distribution of cash or a new security, the value of which may be less than the purchase price of the company's security. If an anticipated transaction does not occur, the portfolio may be required to sell its securities at a loss.

**Exchange-Traded Funds (ETFs) Risk** — The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio securities.

Exchange-Traded Notes (ETNs) — The value of an ETN is subject to the credit risk of the issuer. There may not be an active trading market available for some ETNs. Additionally, trading of ETNs may be halted or delisted by the listing exchange.

Extension Risk — The risk that rising interest rates may extend the duration of a fixed income security, typically reducing the security's value.

Fixed Income Market Risk — The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies.

Foreign Investment/Emerging Markets Risk — The risk that non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements and different legal, regulatory and tax environments. These additional risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

Foreign Sovereign Debt Securities Risk — The risks that: (i) The governmental entity that controls the repayment of sovereign debt may not be willing or able to repay the principal and/or interest when it becomes due, due to factors such as debt service burden, political constraints, cash flow problems and other national economic factors; (ii) Governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling or additional lending to defaulting governments; and (iii) There is no bankruptcy proceeding by which defaulted sovereign debt may be collected in whole or in part.

Hedged Strategies Risk — A portfolio may employ investment strategies that involve greater risks than the strategies used by typical portfolios, including short sales or derivatives transactions. There is no assurance that hedged strategies will protect against losses or perform better than non-hedged strategies.

Income Risk — The possibility that a portfolio's yield will decline due to falling interest rates.

Inflation Protected Securities Risk — The value of inflation protected securities, including TIPS, generally will fluctuate in response to changes in "real" interest rates, generally decreasing when real interest rates rise and increasing when real interest rates fall. Real interest rates represent nominal (or stated) interest rates reduced by the expected impact of inflation. In addition, interest payments on inflation-indexed securities will generally vary up or down along with the rate of inflation.

Interest Rate Risk — The risk that the value of fixed income securities, including U.S. Government securities, will fall due to rising interest rates.

Investment Company Risk — When a portfolio invests in an investment company, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. In addition, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the portfolio may be subject to additional or different risks than if the portfolio had invested directly in the underlying investments.

Investment Style Risk — The risk that the portfolio's strategy may underperform other segments of the market or the market as a whole.

Leverage Risk — The use of leverage can amplify the effects of market volatility on the value of a portfolio's investments and may also cause the portfolio to liquidate portfolio positions when it would not be advantageous to do so to satisfy its obligations.

**Liquidity Risk** — The risk that certain securities may be difficult or impossible to sell at the time and the price that the investment adviser would like. The investment adviser may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on portfolio management or performance.

**Margin Risk** — To the extent margin is used in the client account, the client should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee clients are charged. The increased asset-based fee may provide an incentive for IAR to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in the client accounts and therefore risk.

**Market Risk** — The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the market as a whole.

**Money Market Funds** — With respect to an investment in money market funds, an investment in the money market fund is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to maintain a constant price per share of \$1.00, clients may lose money by investing in the money market fund.

**Mortgage-Backed Securities Risk** — Mortgage-backed securities are affected by, among other things, interest rate changes and the possibility of prepayment of the underlying mortgage loans. Mortgage-backed securities are also subject to the risk that the underlying borrowers will be unable to meet their obligations.

**Municipal Securities Risk** — State and local governments rely on taxes, and to some extent revenues from private projects financed by municipal securities, to pay interest and principal on municipal debt. Poor statewide or local economic results or changing political sentiments may reduce tax revenues and increase the expenses of municipal issuers making it more difficult for them to meet their obligations. Actual or perceived erosion of the creditworthiness of municipal issuers may reduce the value of a portfolio's holdings. As a result, the portfolio will be more susceptible to factors which adversely affect issuers of municipal obligations than a portfolio which does not have as great a concentration in municipal obligations. Also, there may be economic or political changes that impact the ability of issuers of municipal securities to repay principal and to make interest payments on securities owned by the portfolio. Any changes in the financial condition of municipal issuers also may adversely affect the value of the portfolio's securities.

**Non-Diversified Risk** — To the extent that a portfolio is non-diversified, which means that it may invest in the securities of relatively few issuers, it may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers and may experience increased volatility due to its investments in those securities.

**Opportunity Risk** — The risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in other investments.

**Portfolio Turnover Risk** — To the extent that a portfolio buys and sells securities frequently, such activity may result in higher transaction costs and additional capital gains tax liabilities. To the extent that a portfolio invests in an underlying fund, the portfolio will have no control over the turnover of the underlying fund. In addition, the withdrawal of a portfolio from an underlying fund could involve expenses, such as redemption fees, to the portfolio under the terms of the portfolio's investment.

**Prepayment Risk** — The risk that with declining interest rates, fixed income securities with stated interests may have the principal paid earlier than expected requiring a portfolio to invest the proceeds at generally lower interest rates.

**Private Placements Risk** — Investment in privately placed securities may be less liquid than in publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the portfolio or less than what may be considered the fair value of such securities. Furthermore, companies whose securities are not publicly traded may not be subject to the disclosure and other client protection requirements, which might be applicable if their securities were publicly traded.

**Real Estate Industry Risk** — Securities of companies principally engaged in the real estate industry may be subject to the risks associated with the direct ownership of real estate, including fluctuations in the value of underlying properties and defaults by borrowers or tenants. If a portfolio's investments are concentrated in issuers conducting business in the real estate industry, the portfolio may be subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that industry.

**REITs** — REITs are trusts that invest primarily in commercial real estate or real estate-related loans. Investments in REITs are subject to the risks associated with the direct ownership of real estate. Risks commonly associated with the direct ownership of real estate include fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties.

**Rule 144A Securities Risk** — Rule 144A securities may be less liquid than publicly traded securities. A portfolio may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the price realized from these sales could be less than those originally paid by the portfolio. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other client protection requirements that would be applicable if their securities were publicly traded.

**Short Sales Risk** — Short sales expose the portfolio to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the portfolio. Reinvesting proceeds received from short selling may create leverage which can amplify the effects of market volatility on the price of the portfolio's investments.

**Small and Medium Capitalization Risk** — The smaller and medium capitalization companies may be more vulnerable to adverse business or economic events than larger, more established companies. Small and medium companies may have limited product lines, markets and financial resources and may depend upon a relatively small management group. Therefore, small cap and medium cap stocks may be more volatile than those of larger companies. Small cap stocks may be traded over the counter or listed on an exchange.

**Social Investment Criteria Risk** — If a portfolio is subject to certain social investment criteria, it may avoid purchasing certain securities for social reasons when it is otherwise economically advantageous to purchase those securities, or may sell certain securities for social reasons when it is otherwise economically advantageous to hold those securities. In general, the application of a portfolio's social investment criteria may affect the portfolio's exposure to certain industries, sectors and geographic areas, which may affect the financial performance of the portfolio, positively or negatively, depending on whether these industries or sectors are in or out of favor.

**Taxation Risk** — A portfolio that is managed to minimize tax consequences to clients will likely still earn taxable income and gains from time to time.

**Tax Exempt Risk** — To pay tax-exempt interest, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed by the portfolio to shareholders to be taxable. Changes or proposed changes in federal tax laws may cause the prices of tax-exempt securities to fall. The federal income tax treatment on payments with respect to certain derivative contracts is unclear. Consequently, a portfolio may receive payments that are treated as ordinary income for federal income tax purposes.

**Tracking Error Risk** — The risk that the performance of a portfolio designed to track an index may vary substantially from the performance of the benchmark index it tracks as a result of cash flows, portfolio expenses, imperfect correlation between the portfolio's and benchmark's investments and other factors.

**Underlying Funds Risk** — With respect to portfolios that invest in underlying funds, the risk that the value of a portfolio is based primarily on the performance of the underlying fund. Specifically, with respect to alternative investment funds, the process of redeeming from an underlying fund may be both lengthy and costly due to the use of “lock-up” periods, gates, redemption fees and suspension of redemptions by the underlying funds. These factors will restrict or limit the portfolio’s withdrawals under certain circumstances.

**U.S. Government Securities Risk** — Although U.S. Government securities are considered to be among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

### **Client Brokerage and Custody Costs**

IWN is not affiliated with any custodian. IWN does not maintain custody of the client assets on which we advise, although we may be deemed to have custody of the client assets if the client gives us authority to withdraw assets from their accounts. Client assets must be maintained in an account at a “qualified custodian.” The selected custodian will hold the client assets in a brokerage account and buy and sell securities when instructed. We do not open the account for the client, although we may assist the client in doing so.

The custodian does not charge the client separately for custody services but are compensated by charging client commissions or other fees on trades that it executes or that settle into client accounts.

To minimize client trading costs, the custodian executes trades for client accounts. By having the custodian execute the trades, it is consistent with our duty to seek “best execution”. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Products and Services Available to IWN from Custodian**

The custodian provides IWN and our clients with access to institutional brokerage services — trading, custody, reporting, and related services — many of which are not typically available to the custodians’ retail customers. The Custodian also make available various support services. Some of those services help IWN manage or administer our clients’ accounts while others help IWN and IARs manage and grow their business. Custodians’ support services generally provided are at no charge to the firm. The following is a more detailed description of the custodians’ support services:

### **Services That Benefit Client**

The Custodian’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 the custodian include some to which IWN might not otherwise have access to, or that would require a significantly higher minimum initial investment by our clients.

### **Services That May Not Directly Benefit Client**

Custodians also make available to IWN other products and services that benefit the firm which may not directly benefit clients or their accounts. These products and services assist IWN in managing and administering our client accounts. They include investment research of their own, and that of third parties. IWN may use this research to service all or a substantial number of our client accounts. In addition to investment research, the custodian makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of IWN fees from the client accounts; and assist with back-office functions, recordkeeping and client reporting

### **Services That Generally Benefit Only IWN**

The Custodian offers other services intended to help IWN and IARs manage and further develop their business. These services include, educational conferences and events; consulting on technology, compliance, legal and business needs; publications and conferences on practice management and business succession; access to employee benefit providers, human capital consultants and insurance providers.

In other cases, the Custodian will arrange for third-party vendors to provide the services to IWN. The Custodian may also discount or waive their fees for some of these services or pay all or a part of a third-party's fees. Custodians may also provide IWN with other benefits, such as occasional business entertainment events.

### **IWN's Interest in the Custodian Services**

The availability of these services from the custodian benefits IWN because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to custodians in trading commissions or assets. IWN recommends that the clients maintain their account with the custodian, based on our benefit in receiving the custodian services for our business, and which we believe is in the client interest for receiving the best value in custodial services and the most favorable execution of their transactions. This is a potential conflict of interest, but we do not believe it is material.

We believe that our selection of the custodian is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price provided, and not custodian services that benefit only IWN.

### **Review of Accounts**

IWN conducts ongoing account reviews for its programs where it provides continuous advisory services. Financial Plans and Consulting Services Agreements are periodically reviewed as received. IWN has designated certain individuals and the Chief Compliance Officer to conduct ongoing reviews.

Through the Custodians compliance software system, IWN reviews daily trades and multiple exception reports. Exception reports include monitoring account volatility versus stated risk objective, size of transaction versus total account value, the amount of activity in the account, along with any margin and options alerts or other risk factors. IWN conducts periodic reviews of third-party managers and alternative investments in the client accounts.

Investment advisory clients are encouraged to discuss their needs, goals and objectives with their IAR and to keep their IAR informed of any changes that may occur. IARs shall contact ongoing investment advisory clients at least annually to review their previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the custodian for their account. Those clients to whom IWN provides investment advisory services will also receive a report that may include relevant account and market-related information such as an inventory of account holdings with account performance on a quarterly basis. Those clients to whom IWN provides financial planning or consulting services typically do not receive regular reports on their accounts after the financial planning or consulting services have been concluded.

**Custody**

IWN does not maintain custody of client assets, although we may be deemed to have custody of client assets if client give us authority to withdraw fees from the client's account, client assets must be maintained in an account at a "qualified custodian." The custodian will hold client assets in a brokerage account and buy and sell securities when instructed. The custodian will send quarterly or more frequent account statements directly to the client. The client should carefully review the custodian statement.

For most advisory programs, IWN sends quarterly performance reports which will show the clients' positions. The clients should compare this statement received from IWN with the statement received from the custodian.

**Investment Discretion**

Investment Advisory Services (Non-Discretionary or Discretionary)

Clients may open an account by signing an Investment Advisory Agreement with IWN on either a non-discretionary or a discretionary basis. Non-discretionary means the client controls all the investment decisions and activity for their investment account. Discretionary means the client has authorized the IAR to initiate trades or transactions on behalf of the client. The client Agreement or Investment Policy Worksheet will also specify any of the client's or IAR's trading or investment limitations. A client who gives discretion to an IAR must have complete trust in the IAR as the arrangement can be risky. However, any decisions an IAR makes must be in the client's best interest and in line with the client's goals. Clients wishing to allow the IAR to have discretion over the account assets would sign an agreement using the Wealth Advisor Program. Each client account may be offered different advice or services depending on the specific needs of the client and the expertise of the IAR.

**Voting Client Securities**

Clients are responsible to vote the proxies for the securities in their accounts. The custodian will provide transmission of proxy and other security holder communications. IWN will not vote proxies on behalf of clients. Proxy materials received on behalf of a client are to be sent directly to the client, or to a designated agent of the client, who is responsible for voting the proxy.

**Financial Information**

Because IWN does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, we are not required to attach the firm's balance sheet. IWN is not aware of any condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Neither Independent Wealth Network, Inc., or a management person, has been the subject of a bankruptcy petition at any time.

## **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

The Code of Ethics (the “Code”) was adopted to effectuate the purposes and objectives of Sections 204A and Section 206 of the Investment Advisers Act of 1940 (the “Advisers Act”) and Rule 204-2 under the Advisers Act and Rule 17j-1 of the Investment Act of 1940. The Code is a comprehensive guideline to make our Investment Adviser Representatives (“IARs”) aware of conduct and behavior expected of them, including with respect to personal securities transactions and prohibitions against trading upon material nonpublic information, so as not to take inappropriate advantage of their positions and the access to information that comes with their position. This Code further addresses other prohibited activities, and addresses reporting requirements, confidentiality requirements, and standards of care.

The Code is based on the principles that Independent Wealth Network, Inc. has a fiduciary duty to its clients. Accordingly, employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of the clients.

To avoid any potential conflicts of interest involving personal securities transactions IWN investment adviser representatives and employees must at all times:

- 1) Place clients’ interest ahead of the firms. As a fiduciary, they must serve in its clients’ best interests and may not benefit at the expense of clients.
- 2) Advisory personnel should not contemporaneously purchase or sell the same securities as a client without making an equitable allocation of the securities to the client first, based on such considerations as available capital and current positions, and then to the account of the employee. Personal trades may require preauthorization, the reporting of the transactions on your Personal Securities Blotter, and further detailed information regarding certain securities holdings, both upon commencement and upon request, over which such personnel have a direct or indirect beneficial interest.
- 3) Avoid taking advantage of the firm by not accepting investment opportunities, gifts, or gratuities, as defined in the Advisers Act, from individuals seeking to conduct business with the firm or on behalf of a client.
- 4) Advisory personnel must abide by standards of disclosure regarding personal securities trading and reporting as set forth in the Advisers Act and under the firm’s Private Securities Transactions, Policy on Confidential Information and Insider Trading Policy.
- 5) Advisory personnel are charged with the duty to protect all client information and confidentiality by properly securing their workstations, computers, mobile devices, external storage units and records; and only authorize access to employees or vendors who have a legal business need for that information to complete a customer transaction.

Employees and IARs must promptly report any violations of the Code to the Compliance Department, which will be treated as being made on an anonymous basis. IWN monitors and reviews these concerns on a continuous basis, and will provide a copy of the Code to any client or prospective client upon request.