



Independent Wealth Network

## ADV PART 2A – Appendix 1, Wrap-Fee Brochure

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March 30, 2020

This wrap fee program brochure provides information about the qualifications and business practices of Independent Wealth Network, Inc. If you have any questions about the contents of this brochure, please contact Art Dinkin. 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. SEC registration does not imply a certain level of skill or training.

Additional information about Independent Wealth Network, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# Material Changes

There are no ~~other~~ material changes at this time.

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March 31, 2020

A revision of the Wrap-Fee Brochure was made to eliminate duplication of items which are included in ADV Part 2A Brochure which accompanies this Brochure at time of delivery.

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**Wrap-Fee Program**

Independent Wealth Network, Inc. Wrap-Fee Program is designed to help clients meet their investment objectives and goals. The Wrap-Fee Program ("Program") is a discretionary program, meaning that the investment selection and trading is completed with discretion of the Investment Advisor Representative ("IAR") under agreement with client. This portion of this disclosure document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940.

Clients of the Wrap-Fee Program will retain the right to:

- (1) Withdraw securities or cash.
- (2) Vote on shareholder proposals of beneficially owned security issues or delegate the authority to vote on such proposals to the IAR.
- (3) Be provided, in a timely manner, with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders.

**Services, Fees and Compensation**

IARs provide investment advisory services to clients on a discretionary basis. As a minimum for providing advisory services, IWN requires IARs to possess satisfactory past business experience plus any required industry examinations and registrations. Based on a client's investment objectives and individual needs, IAR will have discretion to manage the client's assets to an appropriate investment strategy consistent with the client's Investment Policy Statement (IPS), Exhibit A of the Client Agreement.

Individual IARs develop specific investment strategies and establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on the client's objectives and the IAR's investment philosophy, may include supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

IARs may use third-party research to assist in developing security selection models for the Program. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, IARs may also use a security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results.

Most types of securities are eligible for purchase in the Program. Assets may include, but are not limited to, common and preferred stocks, exchange-traded funds, closed-end funds, advisory class unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, mutual funds whose shares can be purchased at net asset value and advisory class alternative investments, such as REITs, hedge funds and managed futures funds. Collectively, these assets are referred to as "Program Assets."

Certain assets, such as commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as Program assets and are referred to collectively as "Excluded Assets". The client may purchase or sell some Excluded Assets in their account, but these transactions may incur commissions or charges and the securities will not be included in the monthly billing.

The IAR will gather important information about the client's financial conditions, time horizon, goals, and objectives for the Program accounts on an Investment Policy Statement ("IPS") and will update this information

whenever it is provided by the client, which should be regularly reviewed. The client agrees to timely inform the IAR of any changes in their financial situation, investment objectives, or instructions as necessary. Over time, as changes occur in the financial markets or the client's investment objectives and circumstances change, the IAR may recommend changes in a client's portfolio. In making a recommendation, the IAR will take the updated information received in the IPS into consideration. Decisions relating to investments may have tax consequences that should be discussed with their tax advisor.

### **Account Rebalancing**

The clients may request periodic rebalancing of their account. The IAR can rebalance the account either at predetermined intervals or when directed by the client by reviewing the actual allocation of Assets in the account versus the target allocation established. Generally, subject to certain minimum constraints, if any of the funds in the client's account vary from the client's target allocation, the IAR will rebalance the account by initiating sell and buy transactions. Transactions initiated to rebalance these assets may cause the client to incur tax consequences.

### **Certificates of Deposit ("CDs")**

When appropriate, IARs may use CDs which are generally issued at a discount. While CDs are an eligible Program Asset, the yield of CDs may include a sales concession to the originator of the CDs. The concession reduces the overall yield on the CDs, and in some cases, this may result in a negative yield. Clients should be aware they could obtain the same CDs without being subject to the advisory fee if they purchased it in a non-advisory brokerage account.

### **REITs, Hedge Funds and Managed Futures**

REITs, Hedge funds and managed futures may be available in the Program advisory account but are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This is not a solicitation, recommendation, or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within the Program.

### **Costs and Benefits**

The client should consider the value of the Wrap-Fee Program. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. The client should also consider the amount of anticipated trading activity when selecting the program and assessing the overall cost.

Many Program clients assume a normal amount of trading activity and, therefore, circumstances of prolonged periods of inactivity, or asset allocations with significant fixed income, or cash components may result in higher fees to the client than if commissions were paid separately for each transaction in a brokerage account.

### **Fees and Compensation**

The annual fee for investment management services provided under the Client Agreement shall be based upon a percentage of the market value of the Assets Under Management (AUM) in accordance with the Schedule of Fees as stated in Exhibit B of the Client Agreement, and in accordance with the procedures described in IWN's Form ADV Part 2A. No portion of the fee shall be based on a share of capital gains or capital appreciation of Assets. All Assets will be subject to this fee, including assets, such as cash, that are temporarily awaiting investment. If the client authorizes IAR to use margin in managing the account, the market value of the Account and the corresponding fee payable to the IAR and IWN will be increased.

Client authorizes IWN to liquidate necessary positions if there is not enough liquid cash or equivalents in the Account to cover the amount of fees due. IWN may amend and/or increase the fees set forth in Exhibit B if IAR provides client with written notice of the amendment 30 days in advance.

The Investment Advisory Fee is determined by the IAR while the Asset Based Fee and Program Fee are determined by IWN. All fees are detailed in Exhibit B of the Client Agreement. Please refer to your Investment Advisory Agreement and Item 5 of the IWN ADV Part 2A Brochure.

### **Risk in the Use of Margin**

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 fee the client is charged. The increased fee may provide an incentive for the 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 account and therefore risk.

### **Other Account Fees**

The Program account may have cash invested in an unaffiliated money market fund as temporary investment vehicle. The Custodian or affiliates may have arrangements with the money market funds to provide advisory, administrative, distribution and/or other services subject to applicable restriction. Where permitted by law, the Custodian or affiliates may receive a fee for these specialized services from the fund or its service providers in addition to the fees paid by the clients under the described program. For clients that are subject to ERISA or the prohibited transaction provisions of the Internal Revenue Code, applicable law may limit the extent to which such fees may be retained and may require a fee offset. In a low interest rate environment, the yield that the client may earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may be negative.

### **Account Termination**

The Agreement will continue in effect until terminated by either party by giving written notice to the other party. Please refer to "Account Termination" in Item 5 of Form ADV Part 2A Brochure.

### **Reports and Restrictions**

The custodian will transmit to the clients a statement of account activity at least quarterly and trade confirmations reflecting all securities transactions.

Clients receive periodic portfolio performance reports of their accounts that are designed to comply with general industry performance standards. The portfolio performance reports may compare the performance of the client's portfolio to a benchmark based on their investment objective.

### **Account Requirements / Types of Clients**

The program 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.

### **Investment Advisor Representative Selection and Evaluation**

IARs are required to meet Firm or industry experience levels and possess sufficient portfolio management experience. IARs that do not maintain compliance with IWN guidelines may be removed from the program.

### **Services Tailored to Individual Client Needs**

IAR's investment recommendations are based on an analysis of the client's individual financial needs and objectives as reported on their IPS. Investment recommendations are drawn from research and analysis which the IAR believes to be reliable and appropriate to the client's financial circumstances. Accounts are tailored to the client and are designed to meet their individual investment objectives, financial needs, and tolerance of risk.

**Client Restrictions and Instructions**

Each client may impose investment restrictions on the management of their account. IWN and the IAR will comply with any reasonable instructions and/or restrictions for the client's account.

Reasonable instructions generally include the designation of securities or types of securities that should NOT be purchased for the account, or that should be sold if held in the account. If the client restrictions are unreasonable, or if IWN or the IAR believe that the restrictions are inappropriate, IWN will notify the client that unless the restrictions are modified, IWN may remove the client's account from the program. The client will not be able to provide instructions that prohibit or restrict the investment advisor of open-end or closed-end mutual funds or exchange-traded funds ("ETF"), with respect to the purchase or sale of specific securities or types of securities within the fund. IWN's policy is generally to bring the account into conformity with the client stated target allocations.

**Conflicts of Interest**

The IAR may have a conflict of interest recommending a Program that, over the life of the program, may offer more compensation to the IAR versus using a full-service brokerage account or by the client implementing the advice elsewhere.

Factors that IWN considers when selecting a Custodian include its financial strength, reputation, execution, pricing, research and service. The Custodian enables IWN to obtain some securities without transaction charges and other securities at nominal transaction charges.

**Client Information Provided to Investment Advisor Representative**

The client must complete an IPS with the assistance of their IAR which outlines the client's investment objectives, financial circumstances, risk tolerance and any restrictions the client may wish to impose on their investment activities. The IAR and client should consider updating the Investment Policy Worksheet regularly and indicate if there have been any changes in the financial situation, investment objectives or instructions. The client agrees to inform IWN, in writing, of any material change in their circumstances that might affect the way a client's assets should be invested. The client's IAR will be reasonably available to the client for consultation on these matters and will act on any changes in their profile deemed to be material or appropriate as soon as practical after the IAR become aware of the change.

**Voting Client Proxies**

The client must determine who is responsible to vote proxies and must indicate accordingly on Account application(s). Please refer to "Voting Client Securities" in Item 17 of Form ADV Part 2A Brochure.

**Client Contact with Investment Advisor Representative**

The client has no restrictions in contacting their IAR who will be generally available during normal working hours.

**Disciplinary Information**

Neither Independent Wealth Network, Inc. nor any management person has had any civil or criminal actions brought against them. Please see "Disciplinary Information" in Item 9 of Form ADV Part 2A Brochure.

**Other Financial Industry Activities and Affiliations**

The principal business of IWN executive officers includes directing the operations of the firm as a SEC registered investment advisory firm. IWN shares certain personnel in accounting, managerial, compliance and operational services with DV Financial, an affiliate under common ownership.

IWN also has contractual relationships with other registered investment advisors pursuant to which IWN receives compensation for these services.

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

The Code is based on the principles that Independent Wealth Network, Inc. owes 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. Please refer to “Code of Ethics” in Item 11 of Form ADV Part 2A Brochure or the IWN website, [www.indwealth.net](http://www.indwealth.net).

#### **Review of Accounts**

IWN conducts ongoing account reviews for Accounts where the IAR provides continuous advisory services. Financial Plans and Consulting Services Agreements are periodically reviewed as received. IWN has designated the Chief Compliance Officer, Compliance Consultant(s), and Director of Operations as those who conduct ongoing reviews and IAR Strategies.

Through the Custodian’s system and IWN internal software, 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. The Management team conducts periodic reviews of third-party managers and alternative investments.

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. IWN clients will periodically receive a report that may include relevant account and market-related information such as an inventory of account holdings with account performance. 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.