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September 30, 2020

This Brochure provides information about the qualifications and business practices of IP FINANCIAL ADVISORY SERVICES LLC. If you have any questions about the contents of this Brochure, please contact us at 888-579-7545 or [management@ipfinancialservicesllc.com](mailto:management@ipfinancialservicesllc.com). 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.

IP FINANCIAL ADVISORY SERVICES LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about IP FINANCIAL ADVISORY SERVICES LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

You can search this site by a unique identifying number, known as an IARD/CRD number. Our firm's IARD/CRD number is 801-117481/305772.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

### **Item 2 – Material Changes**

This Firm Brochure dated September 30, 2020, is Innovation Partners Financial Services LLC disclosure document.

This brochure filing is to accommodate the registration and amendments.

Consistent with the new rules, Innovation Partners Financial Services LLC will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business's fiscal year. Furthermore, Innovation Partners Financial Services LLC will provide our clients with other interim disclosures about material changes as necessary.

This brochure will provide additional information about material changes to the Brochure from time to time. The brochure will be provided to clients without charge. Currently, our Brochure may be requested by contacting our Compliance Officers at

1-888-579-7545 or [compliance@ipfinancialservicesllc.com](mailto:compliance@ipfinancialservicesllc.com).

## IP Financial Advisory Services LLC: Form ADV, Part 2A

### Item 3 - Table of Contents

Item 1 - Cover Page .....	1
Item 2 - Materials Changes .....	2
Item 3 - Table of Contents .....	3
Item 4 - Advisory Business .....	4-6
Item 5 - Fees and Compensation .....	6-10
Item 6 - Performance-Based Fees and Side-By-Side Management.....	10
Item 7 - Types of Clients .....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	10-12
Item 9 - Disciplinary Information .....	12
Item 10 - Other Financial Industry Activities and Affiliations .....	12-13
Item 11 - Code of Ethics .....	13-14
Item 12 - Brokerage Practices .....	14-15
Item 13 - Review of Accounts .....	15
Item 14 – Referrals .....	15-16
Item 15 - Custody .....	16
Item 16 - Investment Discretion.....	16-17
Item 17 - Voting Client Securities .....	17
Item 18 - Financial Information .....	17
Item 19 – Requirement for State Registered Advisors .....	17-18

Brochure Supplement

# IP Financial Advisory Services LLC: Form ADV, Part 2A

## Item 4 – Advisory Business

### Our Background

Innovation Partners Financial Services LLC. (IP FINANCIAL ADVISORY SERVICES LLC) is a SEC Registered Investment Advisor under the 1940 Act. IP FINANCIAL ADVISORY SERVICES LLC provides high value risk management, actuarial analysis, benefits consulting, investment banking, financial consulting, management consulting, insurance consulting, and investment advisory services to clients throughout America. IP FINANCIAL ADVISORY SERVICES LLC was established on March 5, 2019. The principal place of business is located in Charlotte, North Carolina. The owner of the firm is IPFAS Holdings LLC.

Investment advisory services are among the services offered through our investment advisor representatives ("representative"). Our representatives may also receive compensation from the other aforementioned activities in addition to any investment advisory fee charged by IP FINANCIAL ADVISORY SERVICES LLC. As of September 30, 2020, we managed \$ 93,249,408.85 in discretionary assets and approximately \$ 8,124,746.36 in non-discretionary assets. Assets under management are typically updated annually.

### Advisory Services Programs

IP FINANCIAL ADVISORY SERVICES LLC provides a variety of investment advisory services to our clients: (1) Consulting Services - where a fee is charged to clients for financial planning and/or other investment advice; (2) Third-Party Investment Advisor ("TPIA") Programs - where our representatives offer access to certain unaffiliated third-party investment advisory programs; (3) Managed Account Programs - where advisory fees are charged for services provided in several managed programs. IP FINANCIAL ADVISORY SERVICES LLC and our representatives provide personal investment advisory and financial planning services.

Our representatives and/or third-party investment advisors affiliated with IP FINANCIAL ADVISORY SERVICES LLC will assist clients with the formulation of an overall investment strategy and financial plan. This includes analysis of financial goals that may include financial advice regarding estate planning, business succession planning, charitable planning, retirement planning, educational funding, insurance planning and benefits planning, preparation of financial analysis, capital sufficiency, cash flow and income tax projections.

For all advisory services and programs, it is the client's responsibility to notify his/her representative in a timely manner of any material changes in his/her investment objectives, risk tolerances, and/or financial circumstances.

### 1) Consulting Services and Financial Planning

Our representatives may provide advisory consulting services relating to securities and investments on a varied range of topics, including, but not limited to: portfolio evaluation, investment objectives, risk tolerances and Strategies, education planning, estate planning, retirement planning, business succession planning, charitable planning, asset allocation, tax planning, risk management, cash flow analysis, and net worth analysis. Consulting services offered by our representatives may involve the collection of personal and financial data from the client, giving investment and financial advice based upon such data, designed to facilitate achievement of the client's stated financial objectives. In addition, if the client desires, ongoing financial planning advice may be provided.

Consulting agreements are entered into between the Firm, client and our representatives on a negotiated hourly, flat, recurring or fixed-fee rate. If fees are charged on an hourly basis, they may not exceed \$500 per hour. Representatives of IP FINANCIAL ADVISORY SERVICES LLC may provide consulting services on a one-time or continuing basis to qualified retirement plans. In addition to the hourly, flat, recurring or fixed-fee rate, representatives may charge a consulting fee as a percentage of assets. The maximum annual account consulting fee, when charged as a percentage of assets, is 3% and is negotiable. Representatives may assist plan sponsors of profit sharing plans, pension plans and 401 k plans, with their fiduciary duties and help provide advice,

## IP Financial Advisory Services LLC: Form ADV, Part 2A

based upon the particular needs of the plan and/or the participants. Advice may include portfolio composition, investment selection and monitoring, policy statement support, and participant advice programs.

Consulting fees are negotiable and may depend on the complexity of the client's finances and/or how comprehensive the client wishes the consultation to be. Fees will be stated in the agreement with the client and agreed to in advance by the client and the representative. Lower or higher fees for comparable services may be available from other sources. With prior approval from management, our representatives may provide consulting services at no charge for philanthropic or charitable purposes.

### **2) Third-Party Investment Advisor Programs**

IP FINANCIAL ADVISORY SERVICES LLC offers our clients access to certain unaffiliated professional third-party money managers who provide asset management and investment advisory services that are outside the scope of the Managed Account Program umbrella. TPIA programs typically offer clients access to a variety of model portfolios with varying levels of risk from which they may choose.

Accounts with TPIAs are not managed by IP FINANCIAL ADVISORY SERVICES LLC; rather, they are managed by the TPIA on a discretionary basis.

Representatives will help clients determine their investment goals, risk tolerances, and other relevant guidelines in order to help them select a TPIA program that appears to satisfy their investment needs in relation to this information collected. A client may select a recommended TPIA based upon his/her needs. Clients will enter into an agreement directly with the unaffiliated TPIA who shall provide asset management services. Accounts with TPIAs may consist of a variety of different securities types, including but not limited to: stocks, bonds, mutual funds, fixed income, Exchange Traded Funds, and variable annuities.

Our representatives may answer questions that their clients may have regarding their accounts and act as communication conduit between the TPIA and the client. Neither IP FINANCIAL ADVISORY SERVICES LLC nor our representatives have any trading authority with respect to a client's account with the TPIA. The TPIA has discretionary authority over the account.

Account minimums for unaffiliated TPIA programs will vary for each TPIA. A complete explanation of the TPIA fees, services, reporting, and minimums are disclosed within the TPIA's disclosure documents. Pursuant to an arrangement and prior to a client entering into an agreement with a TPIA, our representatives arrange for the ADV Part 2A or equivalent brochure materials relative to the advisory services to be provided to the client.

IP FINANCIAL ADVISORY SERVICES LLC and our representatives are compensated for referring clients to the TPIA programs. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with IP FINANCIAL ADVISORY SERVICES LLC and his/her representative. Fees are calculated and collected by the selected TPIA, who shall then be responsible for delivering our portion of the client fee to IP FINANCIAL ADVISORY SERVICES LLC. Our representatives will provide each client with an appropriate disclosure document that provides full details of the TPIA. Additional charges that clients may incur include but are not limited to: sales loads, 12b-1 fees, surrender charges, transactional fees, and miscellaneous account fees. IP FINANCIAL ADVISORY SERVICES LLC does not receive any portion of such fees or commissions. IP FINANCIAL ADVISORY SERVICES LLC is compensated by the advisory fees as noted above.

IP FINANCIAL ADVISORY SERVICES LLC may charge a due diligence fee to TPIAs to provide ongoing supervision reviews of their products. If charged, the fee is capped at a maximum of twenty five basis points. This potential receipt of additional compensation may create a conflict of interest.

Our representatives may have a conflict of interest by offering those TPIAs that have agreed to pay a portion of their advisory fees to IP FINANCIAL ADVISORY SERVICES LLC and have met the conditions of our due diligence review. There may be other suitable outside TPIA programs that are more or less costly to the client. A conflict of interest exists between the interests of the investment adviser and the interests of the clients. The client is under no obligation to act upon the investment advisors recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

IP FINANCIAL ADVISORY SERVICES LLC monitors the services rendered by the selected TPIAs. If IP FINANCIAL ADVISORY SERVICES LLC determines that a particular selected TPIA is not providing sufficient appropriate management services to the client, we may suggest that the client contract with a different TPIA. Under this scenario, our firm may assist the

## IP Financial Advisory Services LLC: Form ADV, Part 2A

client in selecting a new third-party investment advisor and/or managed account program. However, any move to a new third party investment advisor and/or managed account program is solely at the discretion of the client.

### **3) Assets under Management Accounts**

Assets under Management Accounts Programs are managed accounts where the client pays a single fee for portfolio management services. Depending on the program, clients may be responsible for transactional and miscellaneous charges. Asset management fees will be charged by the company. The Third Party custodians will charge separate fees for their services.

The Managed Account Programs ("Programs") are offered through IP FINANCIAL ADVISORY SERVICES LLC and our representatives. As part of the process, our representatives will collect certain information from each potential client, including, but not limited to: information regarding income, liabilities, amount of investment assets, investment experience, risk tolerance and investment objectives.

The representative will evaluate the client's investment objectives and consult him/her on the various Managed Account Programs. After this evaluation and consultation, the representative will make a determination as to whether any of the Programs are appropriate given the objectives and disclosures made by the individual. After the individual has reviewed the Programs and indicated his/her understanding of the Programs, including the risks and benefits of the Programs, a Program will be selected and an account will be established.

As part of the program services, the representative will customize an investment portfolio for the client in accordance with client's risk tolerance and investment objectives. Once the representative constructs an investment portfolio for the client, the representative will monitor the portfolio's performance on an ongoing basis and will rebalance the portfolio as required due to changes in market conditions and in the client's financial circumstances.

### **IP Financial Advisory Services LLC. does not participate in wrap fee programs by providing portfolio management services**

IP FINANCIAL ADVISORY SERVICES LLC, our representatives will have full discretion over client accounts. Discretionary authorization will allow our firm to determine the specific securities and the amount of securities to be purchased or sold for client accounts without client approval prior to each transaction. Clients may limit our discretionary authority (for example, limiting the types of securities that can be purchased for their account) by providing our firm with their restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of a client's portfolio and/or our ability to meet his/hers investment objectives. Our representative may utilize individual equities, mutual funds, Exchange Traded Funds, corporate debt, fixed income, variable annuities, and/or other securities that are consistent with the client's suitability and investment strategy.

The investment advisory services provided by the representative through the various Programs are dependent upon the information provided by each client. For our representative to provide suitable recommendations and to make appropriate investment decisions for the client, the client must provide accurate information and complete responses to the questions asked by his/her representative. The client should inform his/her representative of any material changes in his/her investment objectives or any changes in his/her financial situation as well as any restrictions on the account that may impact the overall investment goals. Our representatives shall, at least annually, contact their clients to determine whether there has been any change in a client's financial situation or investment objectives.

This program enables the representative to assist the client in creating a personalized investment portfolio. The client's representative acts as the portfolio manager and has full investment discretion. The minimum initial investment in the Assets under Management Programs is negotiable.

## **Item 5 – Fees and Compensation**

### **Fees for Advisory Services**

IP Financial Advisory Services LLC. advisory fees vary depending on the type of advisory program. The following are the three types of advisory programs and the fees associated with each program.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

### **Fees for Consulting Services/Financial Planning**

Clients may enter into a consulting agreement with IP FINANCIAL ADVISORY SERVICES LLC and our representatives on a negotiated hourly, flat, recurring or fixed fee rate. If fees are charged on an hourly basis, they may not exceed \$500 per hour. These services will typically be completed inside of a six month period. Services that are administered on a recurring basis will continue based on the agreed timeline and contract with the client. Clients receiving consulting services are required to pay fees at the time of service or upon billing. Consulting fees should be paid directly by the client and by check and should be made payable to IP FINANCIAL ADVISORY SERVICES LLC. At no time, should a client make a check payable to their representative or the representative's "doing business as" name.

The Firm and the representatives of IP FINANCIAL ADVISORY SERVICES LLC may provide consulting services on a one-time or continuing basis to qualified retirement plans. In addition to the hourly, flat, recurring or fixed-fee rate, representatives may charge a consulting fee as a percentage of assets under management. The maximum annual account consulting fee, when charged as a percentage of assets under management, is 3% and is negotiable.

The Assets Under Management Fee Schedule is as follows:

<b>Amount</b>	<b>Annual Fee</b>
Less than \$10,000	1.25% to 3 %
\$25,000 to \$100,000	1.00% to 2.75
\$100,000 to \$250,000	0.75% to 2.50%
Greater than \$250,000	0.50% to 2.00 %

At our discretion and in negotiation with any particular client, we may charge a fee that may be lower than indicated in the above schedule.

Clients may incur brokerage and other transaction costs. Clients can review Item 12 of the brochure regarding brokerage services.

The client may cancel the agreement by providing written notice and receive a full refund within five (5) business days after signing the agreement. If the client terminates the agreement prior to completion of the plan, the client may receive a pro-rated refund. If the client is unsatisfied with a written financial plan, he/she may request in writing a full refund of his/her fee within 90 days of the plan's presentation.

Fees paid in advance but not earned by the Advisor or any affiliate and require refund, on a prorated basis upon termination will be calculated in accordance with the terms of the client's agreement Example:

If the client was charged \$900.00 in fees for the quarter and IP FINANCIAL ADVISORY SERVICES LLC was only engaged for 30 days in the quarter. Assuming the fourth quarter has 92 days the client would be entitled to a refund of  $62/90 \times 900$  or \$620.00

The consulting and financial planning services include the following items which are not covered under our assets under management services:

- ✦ Actuarial Analysis
- ✦ Stochastic Analysis
- ✦ Risk Analysis
- ✦ Charitable Lead Annuity Tax Planning
- ✦ Structured Tax Planning
- ✦ Income and Withdrawal Planning
- ✦ Benefit and Compensation Planning
- ✦ Life, Health, and Disability Analysis
- ✦ Long Term Care Insurance Analysis
- ✦ Supplemental Executive Retirement Planning
- ✦ Estate and Gift Tax Planning

## IP Financial Advisory Services LLC: Form ADV, Part 2A

- ✦ Charitable Planning
- ✦ Business Succession Planning

These are the key differences between our consulting/financial planning services and our assets under management services. Accordingly, there are different fee structures. Please see the TPIA and Custodian Fees under the respective headings in this document.

### **Fees**

Hourly fees – up to a maximum of \$500.00 per hour

Fixed Fee/Flat Fees - \$500.00 - \$20,000.00 per plan

**Note:** Lower fees for comparable services may be available from other sources.  
Financial planning and consulting services are paid at time of service or upon billing.

Financial planning advice combined with investment advisory services for plans including Charitable Lead Annuity Trusts could be charged a fee of \$20,000.00.

### **Fees for Third-Party Investment Advisor Programs**

IP FINANCIAL ADVISORY SERVICES LLC and our representatives are compensated for referring clients to the TPIA programs. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with IP FINANCIAL ADVISORY SERVICES LLC and his/her representative.

Fees are calculated and collected by the selected TPIA which shall then be responsible for delivering our portion of the client fee to IP FINANCIAL ADVISORY SERVICES LLC.

A complete explanation of the TPIA fees, services, reporting, and minimums are disclosed with the TPIA's disclosure documents. At the time of referral and prior to a client entering into an agreement with a TPIA, our representatives arrange for the ADV Part 2A and other material relative to the advisory services to be provided to the client. The TPIA Fees may or may not be negotiable. Terminations are dictated by the TPIA and can be found in the TPIA documents.

Additional charges that clients may incur include, but are not limited to: sales loads, 12b-1 fees, surrender charges, transactional fees, and miscellaneous account fees. IP FINANCIAL ADVISORY SERVICES LLC does not receive any portion of such fees or commissions. IP FINANCIAL ADVISORY SERVICES LLC is compensated by the advisory fees as noted above. IP FINANCIAL ADVISORY SERVICES LLC does not charge management fees under the TPIA program in addition to the fees charged by the TPIA. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with IP FINANCIAL ADVISORY SERVICES LLC and his/her representative.

Below is a sample of the TPIA fee schedule:

PORTFOLIO VALUE	FEE	SPLIT
▪ \$0.00 to \$499,999	2.20% annually	(TPIA 95bps/Rep 125bps)
▪ \$500,000 to \$999,999	2.00% annually	(TPIA 86bps/Rep 114bps)
▪ \$1 million to 2,999,999	1.70% annually	(TPIA 73bps/Rep 97bps)
▪ \$3 million to 4,999,999	1.40% annually	(TPIA 60bps/Rep 80bps)
▪ \$5 million and over	to be negotiated	(TPIA 50/50 TPIA/Rep)

The client can terminate the agreement upon notification to the TPIA and IP FINANCIAL ADVISORY SERVICES LLC.



## IP Financial Advisory Services LLC: Form ADV, Part 2A

### **Fees for Assets Under Management**

IP FINANCIAL ADVISORY SERVICES LLC and our representatives are compensated for clients assets under management brought over to the custodians platform. This compensation generally takes the form of a percentage of the assets under management. The maximum annual asset under management fee, when charged as a percentage of assets, is 3% and is negotiable.

Fees are calculated by IP FINANCIAL ADVISORY SERVICES LLC and will be deducted from the clients account based on the fee processing schedule of the custodian which would be in advance or arrears and on a quarterly or monthly basis as applicable. The fee amount deducted quarterly will be calculated as one-quarter of the total annual account advisory fee and will be calculated as a percentage of the account's value as of the last day of the previous calendar quarter. The fee amount deducted monthly will be calculated as one-twelve of the total annual account advisory fee and will be calculated as a percentage of the account's value as of the last day of the previous calendar month. At the time of billing and with written authorization as stipulated in the advisory services contract or custodian contract, the custodian will send quarterly or monthly statements (as applicable) directly to the client, disclosing all the disbursements and fees deducted from the client accounts. The custodian is responsible for delivering the fees to IP FINANCIAL ADVISORY SERVICES LLC.

Prior to a client entering into an agreement with IP FINANCIAL ADVISORY SERVICES LLC, our representatives arrange for the IP FINANCIAL ADVISORY SERVICES LLC ADV Part 2A and other material relative to the asset management services to be provided to the client.

Transaction, clearance, and settlement fees associated with securities transactions in client accounts are passed on to the client by our clearing custodians. The transaction fees are set forth in the custodians fee schedule and are subject to periodic changes without notice. Additional charges that clients may incur include, but are not limited to: sales loads, 12b-1 fees, surrender charges, transactional fees, and miscellaneous account fees. IP FINANCIAL ADVISORY SERVICES LLC does not receive any portion of such fees or commissions. IP FINANCIAL ADVISORY SERVICES LLC is compensated by the assets under management fees as noted above.

The client may cancel the agreement by providing written notice and receive a full refund within five (5) business days after signing the agreement. In the event of termination the unearned fee shall be calculated on a pro-rated basis and refunded accordingly within 10 working days.

IP FINANCIAL ADVISORY SERVICES LLC nor its supervised persons, do not accept compensation, for the sale of securities or other investment products, including asset-based sales charges, or service fees from the sale of mutual funds.

Clients have the option to purchase investment products that are recommended by IP FINANCIAL ADVISORY SERVICES LLC through other brokers and agents that are not affiliated with IP FINANCIAL ADVISORY SERVICES LLC. IP FINANCIAL ADVISORY SERVICES LLC does not earn more than 50% of the firm's revenue from advisory client's commissions and other compensation for the sale of investment products recommended to clients, including asset based fee from the sale of mutual funds.

IP FINANCIAL ADVISORY SERVICES LLC does not charge advisory fees in addition to commissions or markups.

All custodian fees and rates are subject to change without notice. Fees assessed by third parties for processing transactions may be passed through to the clients account. Also, note some special services may also require additional fees or transaction minimums not specifically listed here.

All fees and rates are subject to change without notice. Fees assessed by third parties for processing transactions may be passed through to the clients account. Also, note some special services may also require additional fees or transaction minimums not specifically listed here.

### **General Fee Information**

Our clients are made aware of and acknowledge that certain mutual funds may contain sales loads and/or marketing and management fees at the mutual fund level, that variable annuities contain management, insurance, and possible commissions and other fees at the variable annuity level, and that this potential receipt of additional compensation creates a conflict of interest. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or variable annuity directly, without IP FINANCIAL ADVISORY SERVICES

## IP Financial Advisory Services LLC: Form ADV, Part 2A

LLC or our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual funds or annuities are appropriate to each client's financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and annuities as well as our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Our clients are also made aware of and acknowledge that, based upon current tax law, withdrawals from variable annuities, even if to pay investment advisory fees, may cause the client to realize taxable income. Additionally, if these withdrawals are made prior to the age of 59 1/2, he or she may incur an additional 10% penalty.

For variable annuities that contain a free withdrawal provision, clients are aware and acknowledge that withdrawals from these variable annuities to pay investment advisory fees may result in a reduction in the client's annual free withdrawal amount.

Depending on the program, the total amount of Annual Account Advisory Fee may be up to a maximum of 3% of the client's investment assets and may be more than a representative would receive if the client participated in other programs or paid a separate fee for investment advisory services, brokerage commissions, and other services. As a result, representatives may have a financial incentive to recommend the program to clients rather than recommending other products or services.

Innovation Partners Financial Services LLC and its supervised persons do not accept compensation for the sale of securities or other investment products asset based sales charges or service fees from the sale of mutual funds, which are already included in our investment advisory program with clients.

### **Employee Retirement Income and Securities Act Disclosures**

IP FINANCIAL ADVISORY SERVICES LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (ERISA), and regulations under the Internal Revenue Code of 1986, respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

To avoid engaging in prohibited transactions, IP FINANCIAL ADVISORY SERVICES LLC may only charge fees for investment advice about products for which our firm and/or our representatives do not receive any commissions or 12b-1 fees, or conversely, may only charge fees for investment advice about products for which our firm and/or our representatives receive commissions or 12b-1 fees, however, only when such fees are used to offset IP FINANCIAL ADVISORY SERVICES LLC's advisory fees.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

IP FINANCIAL ADVISORY SERVICES LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of, the assets of a client).

## **Item 7 – Types of Clients**

IP FINANCIAL ADVISORY SERVICES LLC generally provides advisory services to the following types of clients:

- ✦ Individuals (other than high net worth individuals)
- ✦ High net worth individuals
- ✦ Pension and profit sharing plans (other than plan participants)
- ✦ Corporations or other businesses not listed above
- ✦ Charitable organizations
- ✦ State or municipal government entities

The majority of our clients are retail clients that fall under the "individuals (other than high net worth individuals)" category. This category includes, but is not limited to: individual, joint, trust, IRA, 401(k) participant, and custodial accounts.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements based on the nature of the service(s) being provided. In some cases, account balances may be combined at the household level to satisfy the account minimums. At our discretion, IP FINANCIAL ADVISORY SERVICES LLC may waive these minimums.

✦ \$25,000 account minimums. ✦ Account minimums for third-party investment advisor programs generally range from \$25,000 to \$50,000.

### Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Representatives of IP FINANCIAL ADVISORY SERVICES LLC provide individualized advisory services to their clients. When evaluating strategies and investment products, our representatives have the flexibility and independence to select an approach they deem suitable. IP FINANCIAL ADVISORY SERVICES LLC and our representatives do not endorse any one prevailing form of analysis or strategy for use in our advisory programs.

IP FINANCIAL ADVISORY SERVICES LLC and our representatives may rely on several of the more common strategies and types of analyses when working with clients, however.

Some of the more commonly used forms of analyses and strategies are as follows:

**Fundamental Analysis:** The intrinsic value of a security is measured by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** Past market movements are analyzed and applied to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

**Charting:** In this type of technical analysis, charts of market and security activity are reviewed in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

It is important to understand that past performance does not guarantee future results in technical and charting analysis.

**Cyclical Analysis:** In this type of technical analysis, the movements of a particular stock are measured against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation:** Rather than focusing primarily on securities selection, this strategy attempts to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** IP FINANCIAL ADVISORY SERVICES LLC and/or our representatives look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as IP FINANCIAL ADVISORY SERVICES LLC does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Investment Advisor:** IP FINANCIAL ADVISORY SERVICES LLC and/or our representatives examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future.

In addition, as IP FINANCIAL ADVISORY SERVICES LLC does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as IP FINANCIAL ADVISORY SERVICES LLC does not control the manager's daily business and compliance operations, IP FINANCIAL ADVISORY SERVICES LLC may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all Forms of Analysis:** Securities analysis methods rely on the assumption that the companies whose securities were purchased and sold, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. There is always a risk that analysis may be compromised by inaccurate or misleading information.

**Long-term Purchases:** Securities are purchased with the idea of holding them in the client's account for a year or longer. Typically this strategy is employed when:

- ✦ securities are believed to be currently undervalued, and/or
- ✦ exposure is desired to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, IP FINANCIAL ADVISORY SERVICES LLC may not take advantage of short-term gains that could be profitable to a client. Moreover, if predictions are incorrect, a security may decline sharply in value before the decision to sell is made.

**Short-term Purchases:** When utilizing this strategy, securities are purchased with the idea of selling them within a relatively short time (typically a year or less). This is an attempt to take advantage of conditions that are believed to soon result in a price swing in the securities purchased.

A short-term purchase strategy poses risks should the anticipated price swing not materialize, left then with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Short-term Trading:** Securities are purchased with the idea of selling them very quickly (typically within 30 days or less). This is done in an attempt to take advantage in predictions of brief price swings.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Margin Transactions:** Stocks are purchased for client's portfolios with money borrowed from his/hers brokerage accounts. This allows the client to purchase more stock than he/she would be able to with his/her available cash and allows IP FINANCIAL ADVISORY SERVICES LLC to purchase stock without selling other holdings.

**Option writing:** Options may be used as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- ✦ A call gives IP FINANCIAL ADVISORY SERVICES LLC the right to buy an asset at a certain price within a specific period of time. A call may be bought if it is believed that the stock will increase substantially before the option expires.
- ✦ A put gives IP FINANCIAL ADVISORY SERVICES LLC the right to sell an asset at a certain price within a specific period of time. A put may be bought if it is believed that the price of the stock will fall before the option expires.

Options may be used to "hedge" a purchase of an underlying security: in other words, an option purchase may be used to attempt to limit the potential upside and downside of a security in a client's portfolio.

"Covered Calls" may be used, in which an option is sold on a security the client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed upon price.

The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options may generally be more volatile than prices of other types of securities. When trading in options, clients may run the risk of losing the entire investment in a relatively short period of time.

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**Risk of Loss:** Securities investments are not guaranteed and clients may lose money on their investments. Investing in securities involves risk of loss that clients should be prepared to bear. IP FINANCIAL ADVISORY SERVICES LLC asks that clients work with us to help us understand their tolerance for risk. Past performance is in no way an indication of future performance.

IP FINANCIAL ADVISORY SERVICES LLC cannot offer any guarantees or promises that client financial goals and objectives will be met. All types of strategy and analysis contain risk of loss. IP FINANCIAL ADVISORY SERVICES LLC does not primarily recommend a particular type of security.

### Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IP FINANCIAL ADVISORY SERVICES LLC or the integrity of IPPLC's management. IP FINANCIAL ADVISORY SERVICES LLC has no information to disclose pursuant to this item.

### Item 10 – Other Financial Industry Activities and Affiliations

In addition to being registered as a broker/dealer and registered investment advisor, IP FINANCIAL ADVISORY SERVICES LLC is licensed as an insurance agency.

Our representatives are registered with IP FINANCIAL ADVISORY SERVICES LLC as registered representatives and may also be licensed insurance agents. IP FINANCIAL ADVISORY SERVICES LLC and our representatives, acting in capacity as insurance agents, will earn commission-based compensation for selling insurance products such as life, health, and long term care products. Insurance commissions are separate from our advisory fees. This practice presents a conflict of interest where representatives providing investment advice on behalf of our firm who are insurance agents, and registered representatives of the broker/dealer have an incentive to recommend insurance products to clients for the purpose of generating commissions. In addition, IP FINANCIAL ADVISORY SERVICES LLC is a fiduciary and must act in the best interest of clients. Clients are under no obligation, contractually or otherwise, to purchase insurance products through IP FINANCIAL ADVISORY SERVICES LLC and representatives are not required to refer clients to IP FINANCIAL ADVISORY SERVICES LLC broker dealer. In addition, IP FINANCIAL ADVISORY SERVICES LLC may refer clients to its broker dealer. Our investment advisor representatives may also be registered as registered representatives. IP FINANCIAL ADVISORY SERVICES LLC and our representatives, acting in capacity as registered representatives, will earn commission-based compensation for products such as variable life, variable annuity and mutual funds. These commissions are separate from our advisory fees. This practice presents a conflict of interest where representatives providing investment advice on behalf of our firm, who are registered representatives of the broker dealer, have an incentive to recommend securities products to clients for the purpose of generating commissions. IP FINANCIAL ADVISORY SERVICES LLC is a fiduciary and must act in the best interest of clients. Clients are under no obligation, contractually or otherwise, to purchase insurance products through IP FINANCIAL ADVISORY SERVICES LLC and representatives are not required to refer clients to IP FINANCIAL ADVISORY SERVICES LLC broker dealer.

Neither IP FINANCIAL ADVISORY SERVICES LLC nor any of the firm's management are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

IP FINANCIAL ADVISORY SERVICES LLC and our representatives may recommend that clients use a licensed third-party investment advisor ("TPIA") based on their needs and suitability. Prior to referring clients to third party advisors IP FINANCIAL ADVISORY SERVICES LLC ensures that the third-party advisors are duly licensed or notice filed with the Department of Corporations or other appropriate jurisdictions. IP FINANCIAL ADVISORY SERVICES LLC and our representatives may receive compensation from these TPIAs for recommending that clients use their services. This compensation generally takes the form of the TPIA sharing a percentage of the advisory fee the client pays to them with IP FINANCIAL ADVISORY SERVICES LLC and his/her representative.

These compensation arrangements present a conflict of interest because IP FINANCIAL ADVISORY SERVICES LLC and our representatives have a financial incentive to recommend TPIAs that pay fees rather than those that don't.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

In addition, IP FINANCIAL ADVISORY SERVICES LLC and our representatives may have a conflict to refer clients to those TPIAs that pay higher fees over those that pay lower fees. Clients are not obligated, contractually or otherwise, to use the services of any TPIA that IP FINANCIAL ADVISORY SERVICES LLC or our representatives recommend.

IP FINANCIAL ADVISORY SERVICES LLC provides actuarial and other consulting services. The fees for such services are separate and apart from the advisory fees charged by IP FINANCIAL ADVISORY SERVICES LLC. The actuarial and other consulting services that IP FINANCIAL ADVISORY SERVICES LLC provides include but are not limited to the following:

- Product Development and Pricing
- Reserving
- Financial Reinsurance
- Plan Analysis
- Enterprise Risk Management Services
- Risk Analysis
- Risk Based Capital Analysis and Adequacy

IP FINANCIAL ADVISORY SERVICES LLC has procedures in place to address conflicts of interest that may arise from the firm's other business.

### Item 11 – Code of Ethics

Our firm has adopted a Code of Ethics that sets forth high ethical standards of business conduct that IP FINANCIAL ADVISORY SERVICES LLC requires of our representatives, including compliance with applicable federal securities laws. IP FINANCIAL ADVISORY SERVICES LLC and our representatives owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies regarding quarterly securities transaction reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons.

Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering such as a private placement or an initial public offering. The Code of Ethics provides oversight, enforcement and recordkeeping provisions. The Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While IP FINANCIAL ADVISORY SERVICES LLC does not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. Clients may request a copy by calling IP FINANCIAL ADVISORY SERVICES LLC at 704-708-5461.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our representatives and employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while allowing representatives and employees to invest for their own accounts at the same time.

IP FINANCIAL ADVISORY SERVICES LLC does not participate in agency cross or principal transactions

Our firm generally does not buy or sell securities for our own account that it recommends to clients. Representatives and employees may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (ies) that may also be recommended to a client.

## IP Financial Advisory Services LLC: Form ADV, Part 2A

These situations represent conflicts of interest to our clients and create incentives for our representatives to put their own interests ahead of clients'. Personal securities transactions by representatives and employees are monitored by IP FINANCIAL ADVISORY SERVICES LLC. IP FINANCIAL ADVISORY SERVICES LLC has established the following personal trading practices to ensure our firm and representatives comply with our regulatory obligations and provide our clients and potential clients with full and fair disclosure of such conflicts of interest. In addition we are fiduciaries and the following are our code:

- ✦ No representative or employee of our firm may put his or her own interest above the interest of an advisory client.
- ✦ No representative or employee of our firm may buy or sell securities for his or her personal portfolio(s) where his or her decision is the result of information received as a result of his or her employment unless the information is also available to the investing public.
- ✦ In general no representative or employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts. We will however act in the best interest of the client.
- ✦ Our firm requires prior approval for any initial public offerings or private placement investments by related persons of the firm.
- ✦ All of our representatives and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. ✦ IP FINANCIAL ADVISORY SERVICES LLC requires delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.

### Item 12 – Brokerage Practices

IP FINANCIAL ADVISORY SERVICES LLC does not provide custodial services to clients.

IP FINANCIAL ADVISORY SERVICES LLC recommends client to other brokers for custodial services. IP FINANCIAL ADVISORY SERVICES LLC utilizes the custodian's advisory services for the following:

- ✦ Advisory Custodial Services
- ✦ Advisory Services Trading Platform

IP FINANCIAL ADVISORY SERVICES LLC does not receive research or other soft dollar benefits from any custodian.

All aggregations take place through our custodians to ensure best execution and best prices for the client. IP FINANCIAL ADVISORY SERVICES LLC does not receive any additional compensation or remuneration as a result of aggregation. While it represents a conflict of interest, we mitigate these conflicts by conducting due diligence on other custodians. Custodians offer similar services and benefits accordingly we would not receive anything from one custodian that we would not receive from other custodians.

IP FINANCIAL ADVISORY SERVICES LLC does not routinely recommend, request or require, that a client direct IP FINANCIAL ADVISORY SERVICES LLC to execute transactions through a specified broker-dealer. Not all advisers require their clients to direct brokerage. By directing brokerage IP FINANCIAL ADVISORY SERVICES LLC may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

### Item 13 – Review of Accounts

Representatives monitor advisory accounts on an ongoing basis and typically conduct reviews annually. However, reviews may occur more frequently based upon individual circumstances, nature and/or complexity of the portfolio, and/or changes in market,

## IP Financial Advisory Services LLC: Form ADV, Part 2A

political, or economic environment. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio.

IP FINANCIAL ADVISORY SERVICES LLC requests that clients meet and/or communicate with their representatives at least annually to ensure that the investment plan/strategies continue to be aligned with the clients' stated individual objectives, needs, goals, risk tolerance, and time horizon. Clients will receive written monthly or quarterly reports/statements as well as transactional confirmations from the account custodian. These reports contain all investment positions and outline any profits or losses incurred over the reporting period. Clients should review these statements carefully and contact their representative immediately if discrepancies are noted.

Client will receive a written quarterly advisory fee statement from IP FINANCIAL ADVISORY SERVICES LLC. The quarterly fee statement will contain the fee calculations, based on the agreed fee percentage in the advisory services contract. The advisory services contract is signed by the client prior to the commencement of any advisory services with IP FINANCIAL ADVISORY SERVICES LLC.

### **Managed Account Programs**

Principals in the compliance and trading/operations departments of IP FINANCIAL ADVISORY SERVICES LLC review client managed accounts periodically, as well as consulting and financial plans, to identify circumstances that may warrant a more detailed review of a client account. Circumstances that may trigger a review include, but are not limited to: transactions, inactivity, and balance amounts. Lei Jiao is the principal who reviews the accounts periodically.

### **Third Party Investment Advisory Programs**

Clients should refer to the independent third-party investment advisor's firm brochure (or other disclosure documents used in lieu of the brochure) for information regarding the nature and frequency of reviews and reports provided by that independent third party investment advisor. Third-party investment advisors generally provide the client with a quarterly report of account holdings, transactions, and balances.

### **Consulting Services/Financial Planning**

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews, unless otherwise contracted for, will be conducted for consulting and/or financial planning services. Such reviews will be conducted by the client's representative.

## **Item 14 – Client Referrals and Other Compensation**

### **Client Referrals**

If a client is introduced to IP FINANCIAL ADVISORY SERVICES LLC by a financial representative (i.e., solicitor), IP FINANCIAL ADVISORY SERVICES LLC will generally pay that solicitor a referral fee in accordance with the requirements the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from IP FINANCIAL ADVISORY SERVICES LLC ' investment advisory fee, and shall not result in any additional charge to the client. The solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of IPFS' Brochure and a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between IPFS and the solicitor, including the compensation to be received by the solicitor.

IP FINANCIAL ADVISORY SERVICES LLC and our representative may recommend third-party investment advisors. IP FINANCIAL ADVISORY SERVICES LLC may be compensated by these third-party investment advisors for referring a client's advisory business to them.

This compensation generally takes the form of IP FINANCIAL ADVISORY SERVICES LLC and the representative sharing the third-party investment advisor's advisory fee that the third-party investment advisor charges the client. Both the representative and IP FINANCIAL ADVISORY SERVICES LLC may have a conflict of interest to refer the client's advisory business to those



## IP Financial Advisory Services LLC: Form ADV, Part 2A

third-party investment advisors that pay referral fees to IP FINANCIAL ADVISORY SERVICES LLC or to those that pay higher referral fees to IP FINANCIAL ADVISORY SERVICES LLC.

Representatives and/or IP FINANCIAL ADVISORY SERVICES LLC may also receive educational support and training, marketing support, or some other economic benefits in addition to our receipt of the referral fees from a third-party investment advisor to whom we have referred advisory business. These benefits and support are paid from the third-party investment advisor's own funds and not from client funds.

However, representatives and/or IP FINANCIAL ADVISORY SERVICES LLC may have a conflict of interest to favor referring advisory business to those third party investment advisors that provide this support and economic benefit over those third-party investment advisors that don't provide such support or economic benefit.

### **Other Compensation**

Our firm and representatives are eligible to receive incentive awards (including prizes such as trips) based on sales and/or number of new accounts opened. While IP FINANCIAL ADVISORY SERVICES LLC endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

## **Item 15 –Custody**

IP FINANCIAL ADVISORY SERVICES LLC does not generally provide custodial services for client assets. However, IP FINANCIAL ADVISORY SERVICES LLC through the respective custodians directly debits client account(s) for the payment of our advisory fees or submit scheduled request directly to the custodians for the debit of advisory fees from customer accounts. This ability causes our firm to exercise limited custody over clients' funds and securities. We receive written authorization from clients before withdrawing fees from client accounts. The custodian sends statements to clients on a quarterly or monthly basis, showing the amounts withdrawn from their account.

Clients will receive account statements at least quarterly from the bank, or other independent qualified custodian that holds and maintains their funds and securities. Clients should carefully review the statements they receive from their account custodians. Clients should contact IP FINANCIAL ADVISORY SERVICES LLC directly at (704)-708-5461 if they believe that there may be an error in their statement. It is important to compare the information on these statements with any contracts signed with IP FINANCIAL ADVISORY SERVICES LLC. Please note that there may be minor variations due to reporting dates, accounting procedures, and/or valuation methodologies.

## **Item 16 – Investment Discretion**

Clients hire IP FINANCIAL ADVISORY SERVICES LLC to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- ✦ determine the security to buy or sell; and/or
- ✦ determine the amount and price of the security to buy or sell

Such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Clients may in writing impose limitations and restrictions on the discretionary authority used by our firm. Clients may limit our discretionary authority (for example, limiting the types of securities that can be purchased) by providing our firm with their restrictions and guidelines in writing. Such restrictions/guidelines may affect the composition and performance of the client's portfolio and/or our ability to meet the client's investment objectives. Clients may also change/amend such limitations by once again providing IP FINANCIAL ADVISORY SERVICES LLC with written instructions. Discretionary authority is limited to trading and will not extend to money movement, including the withdrawal of funds from the client's account.

The procedures followed before IP FINANCIAL ADVISORY SERVICES LLC and its representatives assume discretionary authority are:

## IP Financial Advisory Services LLC: Form ADV, Part 2A

1. Analysis of investment advisor representative credentials, experience and knowledge of securities and investment products offered by IP FINANCIAL ADVISORY SERVICES LLC prior to working with a client.
2. Ensure representative has no prior disciplinary actions related to investment and securities
3. Completion of client profile and which includes risk tolerance, investment experience, financial status, investment objectives and other information deemed necessary for the process.
4. Execution of IP FINANCIAL ADVISORY SERVICES LLC Advisory Services Contract by Client which includes disclosure for either discretionary or nondiscretionary authority
5. Execution of IP FINANCIAL ADVISORY SERVICES LLC Limited Power of Attorney
6. Execution of Custodians applications and documents which also includes either a limited authorization or full discretionary authorization

### Item 17- Voting Client Securities

As a matter of firm policy, IP FINANCIAL ADVISORY SERVICES LLC does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing the custodian of the assets and to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

In the event IP FINANCIAL ADVISORY SERVICES LLC were to receive any proxy materials, we would forward them directly to the client. At the client's request, IP FINANCIAL ADVISORY SERVICES LLC may offer him/her general advice regarding his/her proxy voting rights.

Clients will receive proxies directly from the issuers of the securities and custodians respectively.

### Item 18 – Financial Information

IP FINANCIAL ADVISORY SERVICES LLC does not require or solicit payment of fees in excess of \$500.00 per client more than six months in advance of services rendered. IP FINANCIAL ADVISORY SERVICES LLC does not take physical custody of client funds or securities or serves as trustee or signatory for client accounts. IP FINANCIAL ADVISORY SERVICES LLC does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to our clients. IP FINANCIAL ADVISORY SERVICES LLC has not been the subject of a bankruptcy petition at any time during the past ten years. Therefore, IP FINANCIAL ADVISORY SERVICES LLC is not required to include a financial statement with this brochure.

### Item 19 – Requirement for State

IP FINANCIAL ADVISORY SERVICES LLC is an SEC registered Investment Advisory Firm.