

Form ADV Part 2 | Firm Brochure



Independent Wealth Network

Registered Investment Advisor

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www.indwealth.net

March 30, 2020

For further information about Independent Wealth Network, Inc., contact: Mr. Jeff Zupancic.

This 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 us at 515-255-3354 or compliance@indwealth.net. The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission (SEC) or by any state securities authority. Registration as a registered investment adviser does not imply any level of skill or training.

Additional information about Independent Wealth Network, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes Since the Last Update

March 30, 2020

There are no material changes at this time.

March 26, 2019

IWN now manages approximately \$107,796,149 on a discretionary basis with total assets under management of \$148,489,954 through December 31, 2018.

May 31, 2018

IWN now manages approximately \$68,409,710 on a discretionary basis with total assets under management of \$101,679,530.

December 31, 2017

A material change has occurred between the last update of August 2017 to December 31, 2017 in that Assets under management have grown from zero to \$55,939,915.

August 24, 2017

A material change was made on August 24, 2017 with the purchase of Independent Wealth Network, Inc. by Mr. Art Dinkin of Urbandale, Iowa and Mr. Jeff Zupancic of Phoenix, Arizona as equal partners. Mr. Zupancic is the firm's CEO, and Mr. Dinkin is President and CCO. There are no previous material changes since inception in April 2017.

Full Brochure Available

Our brochure may be requested, free of charge, by contacting Art Dinkin, President and CCO at 515-255-3354 or compliance@indwealth.net

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Independent Wealth Network, Inc. (“IWN”, “we”, “our”, or “us”) is a privately-owned Iowa corporation and has been in business since August 2017. The principal owners are Jeff Zupancic and Art Dinkin.

Types of Advisory Services

IWN through its Investment Adviser Representatives (“IAR”), offers investment advisory services that are tailored to each client’s individual situation. Many factors are considered, such as client’s investment objectives, the IAR’s expertise and business practices, to determining which advisory program, may be most appropriate for the client. IWN requires its IARs to have successfully passed the applicable required industry examination and to have obtained and maintain state registration. After a review of the client’s financial situation, risk tolerance, time horizon and goals, the IAR will make specific recommendations for the client to meet stated investment goals.

To implement a recommendation, the client must complete an Investment Advisory Agreement (“Agreement”) along with the Investment Policy Statement (IPS) with the assistance of their IAR. The 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 the IAR invests the client’s assets. 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

Ongoing financial planning and/or consultation services are available if specifically requested by client. In the event client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of IAR), IAR may decide to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to client. With respect to IAR’s planning and consulting services, client acknowledges:

- Client is free to accept or reject any recommendation, and client acknowledges that they have the sole authority regarding the implementation, acceptance, or rejection of any recommendation or advice;
- Recommendations for estate planning, retirement planning, taxes, insurance, and/or other services may be discussed and/or implemented, at client’s sole discretion, with the corresponding professional(s) such as a broker, accountant, attorney, or insurance agent who may be affiliated entities and/or IAR of IWN or otherwise of client’s choosing;
- In respect to estate planning and tax planning matters, IAR’s role shall be that of a facilitator between client and their corresponding professional(s);
- No portion of IWN’s services should be construed as legal or accounting advice. Rather, client should defer to a properly credentialed attorney or accountant; and
- Client will maintain sole responsibility to notify their IAR if there is a change in financial situation or investment objective(s) for reviewing, evaluating, and/or revising Advisor’s previous recommendations and/or services and/or to address new planning or consulting matters.

Each IAR utilizes different planning and investment strategies along with IWN-approved software tools when making recommendations and recommending investment allocations for client accounts, which may differ from the advice, or timing, or action taken regarding other client(s). Plan supervision is guided by the stated objectives of the client's written in the Investment Policy Statement ("IPS") attached to Agreement as Exhibit A.

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.

Wealth Management

By signing an Investment Advisory Agreement with IWN, the client has authorized the IAR to initiate trades or transactions on behalf of the client. The client Investment Policy Statement specifies any 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. Each client account may be offered different advice or services depending on the specific needs of the client and the expertise of the IAR.

Third-Party Managers

IWN has agreements with third-party managers that IARs may recommend to clients. When employed, 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 charged by the third-party manager 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 custody of the client assets and will provide a portfolio statement periodically.

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. 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.

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.

Advisor Managed Accounts

In IWN Managed Accounts, 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 a custodian to maintain custody of client's assets and to effect trades for their accounts.

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. The advisory fee is negotiated based on the complexity of the investment strategy and the account size.

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 custody costs, if any, are found in the prospectus or program brochure and detailed in the selected Exhibit B - Schedule of Fees, from the Investment Advisory Agreement.

In asset-based agreements the custodian charges an additional asset-based fee in lieu of transaction costs. Depending on the frequency and type of transactions, some clients may be better served with an asset-based agreement. Clients should consult with their IAR to determine which is most suitable for their situation.

In transaction-based agreements, 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.

The custodian executes trades for client accounts based on instructions provided by the IAR. 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.

The client acknowledges that brokerage commissions, custodial fees, stock transfer fees, transaction fees, charges imposed directly by mutual funds, exchange traded funds, fees imposed by variable annuity providers, certain deferred sales charges, wire transfers, and other similar charges incurred in connection with transactions for client account imposed by custodian or unaffiliated third parties may be paid out of the assets in the account and are in addition to the fees paid by client to IWN. Client may select an asset-based fee structure which may eliminate some of these external fees. Clients should discuss their situation with their IAR to determine the

impact of external expenses as opposed to additional asset-based fees would have on their performance.

Client Imposed Restrictions

Clients may impose reasonable restrictions on investing in certain securities, types of securities, industry sectors or asset classes. These restrictions must be disclosed in the client's Investment Policy Statement (Exhibit A of their Investment Advisory Agreement). However, IWN reserves the right to not accept and/or terminate the advisory relationship if we feel that the client's-imposed restrictions would limit or prevent us from maintaining the client's investment strategy or achieving the client's stated objectives. Additionally, if the client's-imposed restrictions would require IWN to deviate from its standard suite of services; the firm reserves the right to end the relationship.

Assets Under Management

IWN now manages approximately \$137,314,939 on a discretionary basis with total assets under management of \$183,389,135 through December 31, 2019.

ITEM 5: FEES AND COMPENSATION

We establish our fee arrangements with the client in our written agreement. Independent Wealth Network, Inc. receives fees and compensation in multiple ways depending on the advisory services chosen by the client. Management fees are negotiated with the IAR providing services on behalf of IWN and are assessed monthly in arrears. The maximum fee on the fee-based investment management programs is 3.00% of assets per year, and the fee clients pay is negotiable with their IAR.

Fee Schedule – Financial Planning and Consulting

Compensation for Financial Planning or Financial Consulting Services deemed extraordinary by the IAR, is negotiable with the IAR providing the services on behalf of IWN on either an hourly basis or a fixed fee. The fixed fee is not based on a percentage of the client's assets. Hourly fees billed are accrued and billed periodically or at the completion of the plan. Negotiated fees vary 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.

Either the IAR or a client may terminate services upon written notice to the other party. Our Financial Planning agreement may be terminated without cost or penalty. If the client terminates after IAR has provided all agreed upon services but prior to the time for which payment is due, then all fees due under the agreement will be immediately due.

After the termination date, we will have no further duties or obligations to the client under the Financial Planning agreement.

Fee Schedule – Wealth Management

IWN is compensated with fees based on a percentage of the average daily value of eligible assets in the account for each previous month. Management fees are negotiated with the IAR providing services on behalf of IWN and are assessed monthly in arrears. The fee is deducted directly from the client's account unless otherwise specified in the Investment Advisory Agreement. Compensation is not based on a share of capital gains, or capital appreciation of any portion of client funds.

IWN charges a Program Fee in addition to investment management fee charged by the IAR and the asset-based fee (if any) imposed by the custodian. The IAR is not compensated from the Program Fee and may not negotiate the Program Fee on behalf of the Advisor.

The fee shall be prorated and paid monthly, in arrears, based upon the average daily value of the Assets during the previous month, and/prorated for a partial month as reflected in the average daily balance for the entire month.

Upon notice, whenever there are changes to the fee schedule, the schedule of charges previously in effect shall continue until the next billing cycle. Client may reject changes in fee schedule by giving written notice to IWN within 30 days. If rejected, IWN is not obligated to continue services under the previous fee schedule.

Termination of Wealth Management and Advisory Services

The 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 will continue in effect until terminated by either party, by one party giving written notice to the other party.

Termination of this Agreement will not affect:

- The validity of any action previously taken by IWN under this Agreement;
- Any liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or
- Client's obligation to pay advisory fees (prorated through the date of termination). Upon the termination of this Agreement, IWN will have no obligation to recommend or take any action regarding the securities, cash or other investments in the Account.

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.

The Investment Advisory Agreement may not be assigned (within the meaning of the Investment Advisers Act of 1940) by client without the prior consent of IWN. IWN may assign the Agreement to a Successor Advisor or IAR who will be required to notify client and will continue to provide the services previously provided to client. If the client continues to accept such services provided by the Successor without written objection during the 60-day period after receipt of the notice from the Successor, the Successor will assume that client consented to the assignment and the Successor will continue under the terms and conditions of the Agreement. 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.

General Information on Fees

Mutual funds, exchange traded funds (ETFs) and other investments we may use typically charge shareholders various fees and expenses associated with the establishment and operation of the fund. These fees generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. Each fund's current prospectus discloses these separate fees and expenses. A copy of the prospectus is available from the fund's sponsor.

It is important for the client to understand that they may be paying two levels of advisory fees and expenses: one level to the fund and one level to IWN. Most mutual funds and ETFs may be purchased directly, without using our services, and without incurring our advisory fees.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Independent Wealth Network does not charge fees that are based account performance.

ITEM 7: TYPES OF CLIENT

Independent Wealth Network provides financial advice and/or Wealth Management services to individuals and high-net-worth individuals, as well as trusts, pension and profit-sharing plans, estates, charitable organizations and corporations. We do not require minimums for income, assets, net worth, length of engagement, or other conditions for engaging our services. We value the relationship between the client and IAR and do not engage in practices which may interfere with this trusted relationship. If the relationship is no longer viable, IWN will assist the client in developing a new IAR relationship.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF INVESTMENT LOSS

Methods of Analysis and Investment Strategies

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. The client is required to describe their financial goals and objectives to their IAR to help determine which strategy or strategies to implement. Specific portfolio asset allocation is based on the client's goals, time horizons, liquidity needs, risk tolerance, income and tax levels

Risk of Investment Loss

Asset Allocation Strategies

There can be no assurance that an asset allocation strategy will meet its investment objectives and may suffer losses. Furthermore, an asset allocation strategy may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of equities (stocks), fixed income (bonds) 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

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. There is also a risk that a manager, fund, or ETF may deviate from the stated investment mandate or strategy, which could make the holdings less suitable for the client's portfolio. In addition, index investments have the potential to be affected by tracking error risk, which means these mutual funds or ETFs may deviate from the benchmark they seek to match.

Risks Associated with Investing

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. All investment programs have certain risks that are borne by the investor, such as:

- ❑ **Business Risk** — These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- ❑ **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** — Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- ❑ **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.
- ❑ **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.
- ❑ **Financial Risk** — Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market 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.
- ❑ **Inflation Risk** — When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- ❑ **Interest-rate Risk** — Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **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**— Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **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 price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **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.
- **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.
- **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.
- **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 because of cash flows, portfolio expenses, imperfect correlation between the portfolio's and benchmark's investments and other factors.
- **UIT Risk** — a unit investment trust (UIT) is an exchanged-traded mutual fund offering created for a specific length of time, with a fixed portfolio of stock (equity and bond trusts). Its securities will not be sold or new ones bought except in certain limited situations and may be exposed to reinvestment risk described above. UITs are sponsored through brokerage firms.
- **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 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.

ITEM 9: DISCIPLINARY INFORMATION

Neither Independent Wealth Network, Inc. nor any of its personnel have been the subject of a reportable legal or disciplinary event.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment adviser, IWN must disclose information regarding our business activities, other than giving investment advice, our other activities in the financial industry, and any arrangements with related persons that are material to the client or our advisory business. We are also required to disclose if we receive cash or other economic benefits from a third-party relating to advising the client. These disclosures are discussed in the IARs Part 2B as it relates to their activities

Some IARs are registered as representatives of a broker-dealer, or a state registered independent insurance agent. Neither the firm nor its personnel are registered as a futures commission merchant, commodity pool operator or a commodity trading advisor.

IWN may provide referrals to other financial service providers (such as accountants, attorneys, insurance agents, etc.) as a service to our clients. The firm does not have agreements with or receive referral fees from any of these types of firms. We select Third-Party Managers from the providers available on our custodian platforms.

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 makes 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 – Conflicts of Interest

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.

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.

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.

Research And Soft Dollar Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a custodian, we may receive without cost (and/or at a discount) support services and/or products, certain of which assist us to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by us may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us in furtherance of its investment supervisory business operations.

As indicated above, the support services and/or products that *may* be received may assist us in managing and administering client accounts. Others do not directly provide such assistance, but rather assist us to manage and further develop our business enterprise.

IWN's clients do not pay more for investment transactions effected and/or assets maintained at custodians because of this arrangement. There is no corresponding commitment made by us to custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

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 always:

- 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 IAR’s 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.

Investing Personal Money in the Same Securities as Client

On occasion, Independent Wealth Network and its personnel may own the same securities we recommend to clients. This conflict of interest is mitigated by:

- Whenever possible our trades will be “blocked” with client trades, executed at the same time and price.
- The total volume of each transaction is insignificant to the market and will not affect transactions in client accounts. At no time does the firm or its personnel receive preferential treatment over clients

Recommendations Involving Material Financial Interests

Independent Wealth Network does not recommend that clients buy or sell any security in which a related person of the firm has a material financial interest or venture solely owned by an IAR.

ITEM 12: **BROKERAGE PRACTICES**

Factors Used to Select Custodians and/or Broker/Dealers

IWN is not affiliated with any custodian. Clients will enter into a separate agreement with a custodian where IWN will manage their assets.

We consider several factors in recommending custodians to clients, such as ease of use, reputation, service execution, pricing and financial strength. A client may pay fees and expenses that are higher than another qualified broker-dealer might charge to affect the same transaction where we determine, in good faith, that the fees and expenses are reasonable in relation to the value of the brokerage and research services received.

The determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of services, including the value of research provided, execution capability, fees and expenses, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible expenses or transaction rates for client account transactions. The fees charged by the custodian are exclusive of, and in addition to, our fee.

ITEM 13: **REVIEW OF ACCOUNTS**

IWN conducts ongoing account reviews when it provides continuous advisory services. Separate 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 custodian’s 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 required 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 periodically. 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.

Reports to Client

Client's account custodian provides trade confirmation and statements for clients. In addition, custodians may offer secure online access to detailed investment information, such as, asset allocation, specific security holdings, and transaction history. Additional reports such as performance reports and other relevant metrics are available and can be provided on request.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits Provided by Third Parties for Advice Rendered to Client

Independent Wealth Network does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to the firm's clients.

Compensation to Non-Advisory Personnel for Client Referrals

If a client is referred to an IAR of IWN by a solicitor, then IAR may pay that solicitor a referral fee. IAR will pay the referral fee which will not result in any additional charge to client.

The rules require:

- (1) There be a written agreement between the firm and the solicitor detailing the referral arrangement;
- (2) at the time of any solicitation activities, the solicitor provides the prospective client with a copy of the investment adviser's brochure pursuant to Rule 204-3, and a separate, written disclosure document that discloses, the solicitor is being compensated for referring or recommending the firm or IAR, and the terms of the compensation (including any additional amounts the client will be charged by the adviser because of the referral arrangement); and
- (3) the adviser receives from the client, prior to, or at the time of, entering into any written or oral investment advisory agreement with the client, a signed and dated

acknowledgment that the client received the investment adviser's brochure and the solicitor's written disclosure document.

ITEM 15: CUSTODY

Independent Wealth Network does not take custody of client accounts at any time. Custody of client's accounts, as discussed in item 12 above, are held at the client's selected custodial firm. However, clients have provided us with the authority to deduct our fees from the client's account(s). The custodian does not verify the accuracy of our advisory fee calculation and clients will receive account statements from the custodian, which should be carefully reviewed.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority for Trading

Independent Wealth Network or selected Third-Party Manager is granted the ability to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. This trading authority facilitates placing trades in clients' accounts on their behalf so that we may implement the investment strategy in compliance with their Investment Policy Statement (Exhibit A of the Investment Advisor Agreement).

Limited Power of Attorney

Clients must sign a limited power of attorney before Independent Wealth Network is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application. For accounts managed by a Third-Party Manager, clients may sign a separate limited power of attorney document giving discretionary authority to IWN

ITEM 17: VOTING CLIENT SECURITIES

Client must determine who is responsible to vote proxies, and must indicate accordingly on Account application(s).

Unless the client directs otherwise client shall be responsible for directing the way proxies solicited by issuers of securities beneficially owned by client shall be voted, and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Assets.

If client does direct the IAR to vote proxies, then client understands IAR will generally determine how to vote proxies based on IAR's reasonable judgment of what vote is likely to produce favorable financial results for client and IAR's other clients who hold the security. IAR will generally cast proxy votes in favor of proposals that maintain or strengthen the shared interests of issuer's shareholders and management, increase shareholder value, maintain or increase the

rights of shareholders. IAR will generally cast proxy votes against proposals having the opposite effect. However, IAR will consider both sides of each proxy issue to be voted on. IAR will not

consider social considerations, absent contrary instructions from client. Client acknowledges that conflicts of interest may arise between IAR and client regarding proxy issues. If IWN's Chief Compliance Officer determines that a material conflict exists, IAR will follow the following procedures:

- Disclose the existence and nature of the conflict to client and seek direction on how to vote proxies;
- Abstain from voting, particularly if there are conflicting client interests; or
- Follow the recommendations of an independent proxy voting service.

Client maintains the exclusive responsibility for all legal proceedings or other types of events relating to the Assets in the Account, including but not limited to class action lawsuits.

ITEM 18: **FINANCIAL INFORMATION**

IWN does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

Neither Independent Wealth Network, Inc. nor its management, have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients