

## **Item 1 – Cover Page**

# **Wrap Fee Program Brochure**

**Appendix 1 of Form ADV Part 2A**

**Insight Securities, Inc.  
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Highland Park, IL. 60035  
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**September 29, 2020**

This wrap fee program Brochure provides information about the qualifications and business practices of Insight Securities, Inc. (“Insight Securities”, “InSight”, “firm”, “we” and “our”). When we use the words “you”, “your” and “client” we are referring to you as our client or our prospective client. If you have any questions about the contents of this wrap fee program Brochure, please contact us at 224-632-4700, via email at [info@InsightSecuritiesamericas.net](mailto:info@InsightSecuritiesamericas.net). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Insight Securities, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information about which you determine to hire or retain an Adviser.

Additional information about Insight Securities is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Please note that this Brochure includes a number of minor editorial changes in addition to the changes and modifications to this Brochure that are set forth below and reflect all the “material changes” made to this brochure since our last delivery or posting of the Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Material Changes:

- Assets under management has been amended
- Insight’s Clearing firms have changed

In the past we have offered or delivered information about our qualifications and business practices to clients on a least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year, which is June 30. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure or Supplements as necessary based on material changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our home office at 224-632-4700 and it is provided free of charge.

Additional information about Insight Securities is also available via the SEC’s web site which can be accessed at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Insight Securities who are registered, or are required to be registered, as investment adviser representatives of Insight Securities.

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## **Item 4 – Services, Fees and Compensation**

### **Insight Securities, Inc. Investment Management**

#### ***Ownership***

Insight Securities is wholly owned by Intelligenics, Inc., a corporation that is wholly owned by Carlos Legaspy. Insight Securities management has changed as of April 24, 2020. Carlos Legaspy is Insights CEO and James Gaafar is Insights Chief Operating Officer (COO). Mr. Gaafar does not have any ownership rights of Insight Securities, Inc.

#### ***Assets under Management***

As of June 30, 2020; Insight Securities has approximately \$169,750,794.00 under management, including approximately \$64,207,621.00 under management in the wrap program.

#### ***Services Offered***

Insight provides investment advice and portfolio management services on a continuing basis - including an appropriate allocation of managed assets among cash money market funds, equity, and bonds - with the selection of specific securities, which will provide proper diversification and help meet the client's stated investment objectives.

These services include the evaluation, design, construction, implementation, and monitoring of investment portfolios. Assets are allocated among appropriate investment categories in accordance with the client's financial objectives, liquidity constraints, expected time horizon, risk tolerance, and tax considerations as well as prevailing economic conditions and any other relevant factors. Existing assets are evaluated and appropriate hold or sell recommendations are made.

Insight Securities maintains a Limited Power of Attorney and/or Trading Authority for all discretionary accounts for the purposes of directing and/or otherwise effecting investments on behalf of the managed account as well as for the direct payment of Insight Securities' fees and/or payment of commissions, custodial fees and/or other charges incurred by the managed account.

Clients receive consolidated reports periodically (monthly, quarterly, or annually, depending on client's preference) that illustrate investment performance, current market values, and asset allocation. Clients may also receive upon request monthly, quarterly, semi-annual or annual personal review of their portfolio.

Insight Securities also offers comprehensive fee-based financial planning. The planning process involves six steps:

- Identifying and Prioritizing Objectives
- Gathering Information
- Analyzing Information
- Developing a Plan which includes Proposing Recommendations
- Implementing the Plan
- Tracking Plan Progress

## ***Insight Securities Advisor Solutions***

In addition to Insight's standard advisory services the firm provides, InSight will provide an open architecture platform to independent registered investment advisors ("RIA") that includes a suite of administrative and support services. These services include custodial services through the utilization of Insight Securities' clearing agreement with Interactive Brokers & Axos Bank, the use of various other custodial services such as Pictet Group in Switzerland, TD Ameritrade, JPMorgan Stanley, Citi Group and Itaú, plus mutual fund distribution agreements and integrated staffing solutions.

InSight will receive a portion of the independent investment advisory fee for its overall administrative and support services. The RIAs have sole discretion over their accounts that are on Insight's advisory platform.

### **Branch Offices**

Insight Securities has branch offices at the following locations:

- 1920 Manhattan Blvd.  
Spirit Lake, IA 51360
- 1600 Ponce de Leon Blvd., Suite 806  
Coral Gables, FL 33134
- 1853 William Penn Way  
Lancaster, PA 17601
- 401 East Main Dr., Suite 407  
El Paso, TX 79901
- 45 East 25<sup>th</sup> Street Apt 31C  
New York, NY 10010

### **Fees and Compensation**

#### ***Wrap Fees***

Fees for ongoing asset monitoring are generated based on a percentage range of 1.00% to 2.0% of portfolio assets ("Wrap Fee"). Wrap Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4). The extent of monitoring services and all fees are agreed upon in writing prior to engagement. Wrap Fees are payable quarterly, in advance and such fees will be deducted from client's account(s). All Wrap Fees may be negotiable under certain circumstances. Services may be terminated by either party at any time for any reason and any unearned fees are refunded on a pro-rate basis less reasonable startup cost.

Our Wrap Fees are exclusive of transaction fees, and other related costs and expenses which shall be incurred by the client. Clients will incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions; provided however, the Wrap Fee does not cover brokerage commissions or other charges resulting from transactions not effected through Insight Securities or its affiliates, nor does it cover custody services provided by any third-party

custodian. Additionally, the Wrap Fee does not include ticketing charges which generally range from \$8 to \$15 per ticket.

To the extent mutual funds are selected by the sub-manager to fill components of the overall investment strategy, the annual advisory fee set forth above does not include the customary fees and expenses associated with investing in mutual funds or other costs of establishing and maintaining an account with mutual funds including Rule 12b-1 fees and expenses. The client is advised that, in addition to the annual advisory fee set forth above, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses. For securities that may involve an ongoing expense ratio, the advisor has an obligation to choose the most cost-effective product that still meets the client needs, i.e. the most favorable terms reasonably available under the circumstances. When available, Insight Securities will credit any 12B-1 fee received from the fund directly into the client account.

The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract, without a penalty, within five (5) business days after entering into the contract.

### ***Fixed Fees***

In other cases, clients may opt to pay a fixed fee for review of their account, rebalancing, tax and estate planning. These services are performed on a non-discretionary basis. The fee for selection and monitoring services will generally be an hourly charge ranging between \$100 and \$250 per hour, as mutually agreed upon with the client.

The fixed fee will be based on a number of factors including scope of services and other relevant factors. Fees for these services are payable quarterly in advance. Charges for fee-based financial planning range from \$500-\$2,000, depending on the complexity of the case.

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

### **Account Requirements**

Minimum account size is dictated by the program in which a client is participating. Exceptions to the minimum account size are made at the discretion of the manager and/or InSight.

### **Types of Clients**

Insight Securities may provide portfolio management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, Taft-Hartley plans, private investment funds, trust programs, and other institutions.

## Item 6 – Portfolio Manager Selection and Evaluation

### General Portfolio Selection and Evaluation Criteria

#### *General Criteria*

Insight Securities can engage the services of third-party managers in the form of mutual funds and or independent money managers. A due diligence effort to select and retain suitable managers generally takes into consideration the following:

- I. The money manager is affiliated with a bank, insurance company, broker- dealer, and/or registered investment advisor;
- II. For active managers, historical performance calculations are in compliance with the performance guidelines of the Global Investment Performance Standards (“GIPS”) and represents the style of the portfolio being considered;
- III. Detailed information on key personnel, representative clients, fee arrangements, range of investment styles, and assets under management;
- IV. Qualitative analysis considers a clearly defined investment strategy, consideration to the investment selection process, sell discipline/downside protection, investment style adherence, quality and depth of the management team, firm ownership, desire to close portfolios based on size, marketing capabilities, type of client base, and regulatory compliance, transparency of underlying investments, and research capabilities;
- V. Quantitative analysis considers risk-adjusted returns, performance attribution, portfolio composition, fees, and statistical measures.

Other investment formats (direct investments, Exchange Traded Funds, index funds, commingled funds, limited partnerships, fund-of-funds, etc.) shall be examined with the same due diligence scrutiny as a traditional manager structure.

Consideration will be given to both active and passive management when available. The rationale to engage active management is to “add value” over time versus an indexed alternative. Both enhanced return and risk control are opportunities for a manager to “outperform” a comparable benchmark. Recognizing that active managers have periods where they over and underperform the benchmarks, manager selection and retention shall consider a series of full market cycles (at least 5-10 years) in order to weight the impact of active management over long periods of time.

The selection, retention or dismissal of a manager is based on a comprehensive due diligence assessment, however it is possible that a manager could be engaged even though the analysis reveals certain factors that, in isolation, could be deemed unappealing.



## ***Performance Review***

Insight does not utilize a third-party to review the portfolio and or sub-manager performance information. Additionally, you should be aware that performance information may not be calculated on a uniform and consistent basis.

## ***Related Person Portfolio Management***

Associated persons of Insight are allowed to engage in portfolio management services for our clients. Their activities are monitored, and they are compensated through a comprehensive single fee, as described in Item 5 herein.

## ***Performance Based Fees & Side-by-Side Management***

Insight Securities does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or engage in side by side management.

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

### ***Risk of Loss***

All investment programs have certain risks that are borne by the investor. Investing in securities involves risk of loss that clients should be prepared to bear. Questions regarding risks may be directed to us.

### ***Analysis***

Insight may use Charting, as well Fundamental, Technical and Cyclical analysis. We evaluate each opportunity and we understand what they do. We get those questions answered by top management. Then, we determine a stock's suitability for inclusion in with Insight Securities.

### ***Portfolio Construction***

Investment decisions take into consideration how a particular security will affect the overall portfolio. We assess its potential for growth and/or income, the security's impact on overall portfolio risk, and possible tax consequences. Factors that may be considered when making investment decisions include, but are not limited to (listed in alphabetical order):

- Ability to Communicate with Management - Analyst Forecast
- Balance of Company Leverage & Liquidity - Beta
- Book Value
- Business Mix
- Cash Flow
- Dividend Policy (Payout/Growth)
- Dividends
- Earnings Consistency & Quality
- Economic Considerations
- Economic MOAT
- EPS
- Historic Business Results & Growth

- Industry Outlook
- Industry/Sector
- Insider & Large Holders Transactions
- Institutional Ownership
- Investment Timeframe
- Local vs. Global
- Management Quality
- Market Liquidity & Capitalization
- Market Price vs. Fair Value
- Market Share of Products/Services
- Options & Premiums
- P/E Ratio
- P/E to Growth
- Profitable Margin Growth
- Return on Equity
- Return on Sales
- Return on Assets
- Sector vs. Current Holdings
- Suitability
- Tax Considerations
- Technical & Psychological Considerations
- Time of Year

### ***InSight Securities Guidelines to Investing***

InSight generally conforms to the following guidelines with respect to its investment methodology:

- Buy and hold good stocks and quality bonds
- Use options to mitigate risk and produce income
- Perform research to uncover hidden opportunities
- Analyze and discern the “big picture”
- Assess each investment’s potential for growth and/or income, overall impact on portfolio risk, and possible tax consequences
- Research Continuity and commitment to our strategy
- Maintain a long-term perspective
- Keep costs among the lowest and provide best-in-class wealth management service and quality bonds

### **Voting Client Securities**

As a matter of firm policy and practice, InSight does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. InSight Securities may provide advice to clients regarding the clients’ voting of proxies.

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

In compliance with the client agreement executed by you and Insight, we will provide a portfolio manager and or sub-manager information regarding your investment objectives, account holdings to be managed and other information as may be reasonably necessary for the portfolio manager and or sub- manager to make a decision as to whether to accept the engagement with respect to your account management. After the portfolio manager and or sub-manager is engaged to manage your assets, Insight will on an on-going basis provide the portfolio manager and or sub-managers with any information you provide us regarding your portfolio, including changes or modifications to your investment objectives, and any specific investment restrictions relating to your portfolio imposed by you, investments that you advise us to not conform to your instructions.

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

Each portfolio manager and or sub-managers will be reasonably available to you for joint consultation along, with us, regarding your financial situation and objectives, and the management by the respective portfolio manager and or sub-managers of your investment portfolio.

## **Item 9 – Additional Information**

### **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 Insight Securities or the integrity of Insight Securities' management. Insight Securities has no disciplinary information related to this item.

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

#### ***Principal Business Activities of Insight Securities***

Insight Securities is registered as a broker-dealer with the SEC and various state jurisdictions and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). As such, Insight may execute trades on behalf of the client's advisory account.

#### ***Brokerage Practices***

Insight, in its capacity as a broker-dealer, may be used to execute portfolio transactions for investment advisory clients of Insight. These transactions will be conducted subject to proper, and customary, disclosure including (but not limited to) compensation received by Insight and its registered representatives. Compensation will be received by Insight, as a broker dealer, when portfolio transactions are affected on behalf of investment advisory clients. Registered representatives may receive compensation as a result of acting in one or both capacities.

It is generally anticipated that Insight will be designated by the client as the broker-dealer for the execution of securities transactions, which are directed by Insight. To the extent that it is, Insight will seek to obtain the best combination of price and execution for such transactions; however, lower commissions or better execution may be available elsewhere, for example, by the execution of the transaction through a so called "discount broker."

Additionally, Insight, as a broker-dealer, may buy securities for itself from, or sell securities it owns to clients of Insight, at which time commissions and or other markups/markdowns will be charged to those clients. To the extent this occurs, you will have the opportunity to approve such transaction prior to settlement.

If an investment advisory client utilizes Insight as the broker-dealer of record, Insight's selection of money market mutual funds or comparable investments in which to hold cash reserves in the client's account will be limited to certain investments. The selection includes money market, municipal money market and government money-market funds, and the issuers of funds pay Insight a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees, etc. received from client accounts. Insight's registered representatives do not receive additional compensation based on client account balances being held in the money-market funds ("trailers"). These "trailers are credited directly into client accounts. Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients may be invested/swept automatically daily. When securities are sold, funds are deposited on settlement date. Funds placed in a client's account by personal check usually will not be invested until the next business day following the day that the deposit is credited to the client's account. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, Insight will have no control over the way the cash reserves will be handled. The client and/or custodian will make that determination.

Based upon the similarity of investments among client accounts having similar investment objectives, and the fact that Insight may direct the purchase of securities for more than one account simultaneously, and the possible appearance of similarity in the treatment of clients, all client accounts are handled under the following basic conditions, designed to prevent pooling of assets and/or the management of accounts on a de facto pooled basis, resulting in the existence of an investment company. The custody of accounts held by the custodian on behalf of Insight is structured such that each client's securities are held in nominee name only for ministerial purposes and each client's account is maintained as a separate account. The client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the client's securities in the account.

Further, each client retains any and all rights afforded under the federal securities laws to proceed directly against the issuer of any underlying security in the client's account. Each client may withdraw, hypothecate, vote or pledge securities in their account upon notice to Insight and each client has the authority to instruct Insight in directing the purchase of certain securities through Insight that might otherwise be purchased in the client's account. At least annually, customer objectives are reviewed with the client and holdings reviewed with respect to keeping in line with those objectives.

## **Sale of Other Products and Services**

Insight Securities also offers non-wrap investment advice to clients in which a client can pay transaction- based fees as well as a fee based on account assets. As such the advisor may have an incentive to recommend non-wrap investment advice to curtail transactional expenses incurred.

Certain associated persons of Insight are licensed insurance brokers, and as such, do on occasion sell insurance products to the clients of Insight. The amount of time spent on these activities is no more than two (2%) percent.

## **Code of Ethics**

Insight has adopted a Code of Ethics to ensure that securities transactions by Insight employees are consistent with Insight's fiduciary duty to its clients and to ensure compliance with legal and regulatory requirements and the firm's standards of business conduct.

The principals and employees of the firm are permitted to invest in the same securities that the firm recommends to clients. They may recommend to clients or may buy and sell securities for client accounts at or about the same time that they buy or sell in their own account. This creates a conflict of interest because the principals and employees of the firm may have an incentive to execute their orders in front of client orders. To mitigate this conflict, employees are not permitted to enter buy or sell orders in the same or similar securities contemporaneously with client orders.

Insight requires transaction confirmation and quarterly reporting for all registered representatives who provide investment advisory services to clients of Insight Securities. A written copy of Insight's Code of Ethics is available upon request, free of charge.

## **Review of Accounts**

Insight Securities, as investment advisor, reviews all investment advisory accounts. Changes in market prices, interest rates, news stories, earning reports, etc., that are deemed to influence a client account would initiate a review of the account. All investment advisory accounts are reviewed at least monthly by Insight's Compliance department overseen by James Kim Chief Compliance Officer.

Clients receive statements from the custodian of assets at least quarterly, or monthly, if there is activity in the account. (See Custody section below) Clients may give written request to receive their statements and trade confirmations electronically from the custodian.

## **Client Referrals and Other Compensation**

Insight Securities does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. Additionally, Insight does not directly or indirectly compensate any person for client referrals.

## **Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Insight urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Insight Securities' financial condition. Insight has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## **Item 10 – Requirements for State Registered Advisors**

Not Applicable