

# Insight Folios

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Insight Folios (INS). If you have any questions about the contents of this brochure, please contact us at 704-529-9500 or by email at: [Paul@Insightfolios.com](mailto:Paul@Insightfolios.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.*

*Additional information about Insight Folios is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Insight Folios' CRD number is: 174411.*

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*Registration does not imply a certain level of skill or training.*

Version Date: 04/27/2021

## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of INS on 02/19/2020 are described below. Material changes relate to INS' policies, practices or conflicts of interests.

- INS has updated Item 5.E and 10.C to disclose Mr. Sparkman's outside business activity.
- INS has updated Item 10.C to remove reference to Mr. Morgan's outside business activity with Burial Beer.
- INS has updated types of advisory services, a client-imposed restrictions (Item 4).
- INS has updated outside business activities and review of accounts (Item 10, Item 13).

## Item 3: Table of Contents

Item 1: Cover Page .....	
Item 2: Material Changes .....	ii
Item 3: Table of Contents .....	iii
Item 4: Advisory Business .....	2
A. Description of the Advisory Firm .....	2
B. Types of Advisory Services .....	2
<i>Selection of Other Advisers</i> .....	4
C. Client Tailored Services and Client Imposed Restrictions .....	5
D. Wrap Fee Programs .....	5
E. Assets Under Management .....	5
Item 5: Fees and Compensation .....	6
A. Fee Schedule .....	6
<i>Selection of Other Advisers: Fees</i> .....	7
B. Payment of Fees .....	7
<i>Payment of Selection of Other Advisers Fees</i> .....	7
C. Client Responsibility For Third Party Fees .....	7
D. Prepayment of Fees .....	7
E. Outside Compensation For the Sale of Investment Products to Clients .....	8
Item 6: Performance-Based Fees and Side-By-Side Management .....	8
Item 7: Types of Clients .....	8
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	9
A. Methods of Analysis and Investment Strategies .....	9
B. Material Risks Involved .....	9
C. Risks of Specific Securities Utilized .....	10
Item 9: Disciplinary Information .....	12
A. Criminal or Civil Actions .....	12
B. Administrative Proceedings .....	12
C. Self-regulatory Organization (SRO) Proceedings .....	12
Item 10: Other Financial Industry Activities and Affiliations .....	12
A. Registration as a Broker/Dealer or Broker/Dealer Representative .....	12
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	12
C. Registration Relationships Material to this Advisory Business and Conflicts of Interests .....	13
D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections .....	13
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	14
A. Code of Ethics .....	14
B. Recommendations Involving Material Financial Interests .....	14
C. Investing Personal Money in the Same Securities as Clients .....	14
D. Trading Securities At/Around the Same Time as Clients' Securities .....	14

Item 12: Brokerage Practices.....	15
A.    Factors Used to Select Custodians and/or Broker/Dealers .....	15
1.    Research and Other Soft-Dollar Benefits.....	15
2.    Brokerage for Client Referrals .....	15
3.    Clients Directing Which Broker/Dealer/Custodian to Use.....	15
B.    Aggregating (Block) Trading for Multiple Client Accounts .....	16
Item 13: Reviews of Accounts .....	16
A.    Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	16
B.    Factors That Will Trigger a Non-Periodic Review of Client Accounts .....	17
C.    Content and Frequency of Regular Reports Provided to Clients .....	17
Item 14: Client Referrals and Other Compensation.....	17
A.    Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	17
B.    Compensation to Non – Advisory Personnel for Client Referrals.....	17
Item 15: Custody .....	17
Item 16: Investment Discretion .....	18
Item 17: Voting Client Securities (Proxy Voting) .....	18
Item 18: Financial Information .....	18
A.    Balance Sheet.....	18
B.    Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	18
C.    Bankruptcy Petitions in Previous Ten Years .....	18

## Item 4: Advisory Business

### A. Description of the Advisory Firm

Insight Folios, Inc. dba Insight Folios (hereinafter “INS”) is a Corporation organized in the State of Michigan.

The firm was formed in December 2014, and the principal owner is Paul L. Durso.

### B. Types of Advisory Services

#### ***Portfolio Management Services***

INS offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. INS creates an Investment Policy Statement and/or Simplicitree Plan for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

INS evaluates the current investments of each client with respect to their risk tolerance levels, income needs, and time horizon. INS will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Return and income needs are documented in the Investment Policy Statement and/or Simplicitree Plan, which is given to each client.

INS seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of INS’s economic, investment or other financial interests. To meet its fiduciary obligations, INS attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, INS’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is INS’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### **Annual Planning**

Client circumstances are subject to change at any time with any frequency so advice cannot be viewed from the perspective of a static financial plan. The flexibility of the Simplicitree software greatly assists in guiding clients through “what if” scenarios as clients consider their future. INS’ comprehensive view of planning with clients includes:

- Budgeting, personal liability, estate information and goals
- Tax minimization and income strategies
- Special planning requirements like travel expenses, long term care provision, the impact of rental property, etc.
- Investment analysis with respect to income generation potential, liquidity, and risk
- Insurance sufficiency – Long term care, life, health, etc.
- Effective Social Security benefit decisions
- Team of advisers approach – it is important for a client's financial adviser, tax preparer and estate planning attorney to all understand and support the comprehensive plan for the client

### ***Sub-Advisory Services***

INS will act in the capacity of sub-adviser to other registered investment adviser firms.

### ***Financial Planning***

INS provides financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service develop and receive a personalized Simplicitree Report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

**PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current, and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.

**INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

**RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

DEATH & DISABILITY: We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

ESTATE: We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law.

When client requires services and expertise that is outside the realm in which we practice, we help the client engage professional specialists in these areas and work as a team for the client's benefit.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk.

We, or the outside professionals involved, carefully review documents supplied by the client, and where appropriate, we then enter their information into the Simplifictree Software and deliver a report to the client.

Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also discuss general non-securities topics that may include tax and budgetary planning, estate planning and business planning. INS does not provide tax or legal advice.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### ***Selection of Other Advisers***

INS may direct clients to third party money managers. INS will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, INS will always ensure those other advisors are properly licensed or registered as an investment advisor.

### ***Services Limited to Specific Types of Investments***

INS generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, commodities, and private placements. INS may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

INS offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement and/or Simplicitree Plan which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent INS from properly servicing the client account, or if the restrictions would require INS to deviate from its standard suite of services, INS reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. INS does not participate in any wrap fee programs.

## **E. Assets Under Management**

INS has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
<b>\$152,388,033</b>	<b>\$208,586</b>	<b>December 2020</b>



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Asset-Based Fees for Portfolio Management*

Total Assets Under Management	Annual Fee
\$0 - \$ 999,999	2.59%
\$1,000,000 - \$1,999,999	2.45%
\$2,000,000 - \$4,999,999	2.30%
\$5,000,000 - and up	Negotiated

Asset-Based fees are generally negotiable, and the final fee schedule is attached as an Exhibit of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of INS's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract upon thirty (30) days written notice.

INS bills based on the last day of the previous quarter or previous month.

#### *Financial Planning Fees*

##### **Fixed Fees**

INS' Fixed Financial Planning fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are negotiated and agreed upon prior to entering into a contract with any client. INS typically charges an hourly fee of \$250 for its financial planning services and up to \$5000 as a fixed fee for a financial plan. The services provided in order to complete the financial plan are described more fully in Item 4, Advisory Services.

If the plan is implemented through INS and the financial planning client chooses to engage INS for its Portfolio Management Services, INS reserves the discretion to reduce or waive the hourly fee and/or the financial plan fixed fee.

Clients may terminate the agreement without penalty for a full refund of INS's fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice. The agreement will automatically renew until otherwise canceled by either party. If the agreement is terminated, a refund will be made for services that have not been performed.

### ***Selection of Other Advisers: Fees***

INS may direct clients to third party money managers. INS will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between INS and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency.

## **B. Payment of Fees**

### ***Payment of Asset-Based Fees for Portfolio Management***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. These fees are withdrawn on either a quarterly basis in advance, or on a monthly basis in arrears as negotiated and disclosed in the Investment Advisory Contract. Fees are based on the assets under management on the last day of the quarter or month.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check or wire, or if the client has assets under management at INS, financial planning fees may be withdrawn directly from the client's accounts with the client's written authorization and may be withdrawn on a monthly or quarterly basis.

Fixed financial planning fees are paid 100% in advance, but never more than six months in advance.

### ***Payment of Selection of Other Advisers Fees***

Clients will be billed per the Agreement entered into by and between the Client and the Third-Party.

## **C. Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by INS. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

INS collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## E. Outside Compensation for the Sale of Investment Products to Clients

Charles Buddy Bowers Jr., Kenneth Lee Huffman, Bruce Romagnoli, Kevin Wray, Todd Elliott, Paul L. Durso, Ashok S Ramji, David Kyle Morgan, Sean Richard Sparkman, Ryan McNeill and Niki Waters Erb in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of investment products to INS clients.

- This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receive compensation, INS will document the conflict of interest in the client file and inform the client of the conflict of interest.
- Clients always have the right to decide whether to purchase INS-recommended products and, if purchasing, have the right to purchase those products through other brokers or agents that are not affiliated with INS.
- Commissions are not INS's primary source of compensation for advisory services.
- Advisory fees that are charged to clients are not reduced to offset the commissions or markups on securities or investment products recommended to clients.

## Item 6: Performance-Based Fees and Side-By-Side Management

INS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

INS generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Other Investment Advisors

### ***Minimum Account Size***

There is no account minimum for any of INS's services.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

INS's methods of analysis include fundamental analysis, technical analysis and cyclical analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data, primarily price and volume.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### ***Investment Strategies***

INS uses long term trading.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market

is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Private placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real

estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### A. Criminal or Civil Actions

There are no criminal or civil actions to report.

### B. Administrative Proceedings

There are no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither INS nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither INS nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## C. Registration Relationships Material to this Advisory Business and Conflicts of Interests

Charles Buddy Bowers Jr., Kenneth Lee Huffman, Bruce Romagnoli, Kevin Wray, Todd Elliott, Paul L. Durso, Ashok S Ramji, David Kyle Morgan, Sean Richard Sparkman, Ryan McNeill and Niki Waters Erb are independent licensed insurance agents, and from time to time, will offer clients advice or products from those activities. Paul L. Durso is owner of Durso Capital Management Co. an insurance agency. Kenneth Lee Huffman is the owner of Huffman Financial an insurance agency. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. INS always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of INS in connection with such individual's activities outside of INS.

Paul Durso pursues sales, marketing, design, and coaching through Planning Made Simple Program and the Simplicitree® software to investment advisers. Planning Made Simple and Simplicitree® subscription purchases are not offered to clients of INS. Planning Made Simple and Simplicitree is offered on a subscription basis to other advisers. Simplicitree is a financial planning software that is used with INS clients. Simplicitree points to client future needs without pointing specifically to an investment option. Investment options can be shown as beneficial or not beneficial through the software calculations. There are no additional fees for the use of this software. INS has one sub-advisory relationship, Guidespring Wealth, where Simplicitree is in use, and Insight Folios invests AUM for Guidespring Wealth Strategies.

Kenneth Lee Huffman is President of The Perimeter Group, Inc. The Perimeter Group, Inc. provides diabetic medical supplies and was formed in July of 1997. Products from The Perimeter Group are not offered to clients of INS.

Bruce Romagnoli is the owner of B&B Income Tax Services, LLC. From time to time, he will offer clients services from those activities. Clients always have the right to decide whether or not to utilize the services of any representative of Insight Folios in such individual's outside capacities.

## D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

INS may direct clients to third-party investment advisers. INS will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that INS has an incentive to direct clients to the third-party investment advisers that provide INS with a larger fee split. INS will always act in the best interests of the client, including when



determining which third-party investment adviser to recommend to clients. INS will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where INS is recommending the adviser to clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

INS has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. INS's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

INS does not recommend that clients buy or sell any security in which a related person to INS or INS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of INS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of INS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. INS will always document any transactions that could be considered as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of INS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of INS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, INS will never engage in trading

that operates to the client's disadvantage if representatives of INS buy or sell securities at or around the same time as clients.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on INS's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and INS may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in INS's research efforts. INS will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

#### 1. Research and Other Soft-Dollar Benefits

While INS has no formal soft dollars program in which soft dollars are used to pay for third party services, INS may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). INS may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and INS does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. INS benefits by not having to produce or pay for the research, products or services, and INS will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that INS's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### 2. Brokerage for Client Referrals

INS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### 3. Clients Directing Which Broker/Dealer/Custodian to Use

INS may permit Clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding

of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to INS to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless INS is able to engage in "step outs") and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If INS buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, INS would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. INS would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for INS's advisory services provided on an ongoing basis are reviewed at least quarterly by the assigned investment adviser representative, with regard to clients' respective investment policies and income needs as indicated by their SimpliTree analysis. SimpliTree is a financial planning software that is used with INS clients. SimpliTree points to client future needs without pointing specifically to an investment option. Investment options can be shown as beneficial or not beneficial through the software calculations. There are no additional fees for the use of this software.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by the assigned investment adviser representative. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, INS's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of INS's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each financial planning client will receive the financial plan upon completion.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Compensation is received from Third-Party Managers in the form of solicitor/referral fees.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

INS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, INS will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## Item 16: Investment Discretion

INS provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Where investment discretion has been granted, INS generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. Clients may, but typically do not, impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

## Item 17: Voting Client Securities (Proxy Voting)

INS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## Item 18: Financial Information

### A. Balance Sheet

INS neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither INS nor its management has any financial condition that is likely to reasonably impair INS's ability to meet contractual commitments to clients.

### C. Bankruptcy Petitions in Previous Ten Years

INS has not been the subject of a bankruptcy petition in the last ten years.