

**A. INFORMATIONAL BROCHURE**

**IBN ADVISORY  
SERVICES, INC.**

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**December 13, 2021**

**This brochure provides information about the qualifications and business practices of IBN Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 315.652.4426 or [compliance@ibrokernet.com](mailto:compliance@ibrokernet.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. IBN Advisory Services, Inc. is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about IBN Advisory Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2            Statement of Material Changes**

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This version of Part 2A of Form ADV (“Firm Brochure”) and Part 2B of Form ADV (“Supplement Brochure”), dated December 13, 2021 is an other than annual amendment Brochure document. It contains information about our business practices as well as a description of potential conflicts of interest relating to our advisory business that could affect a client’s account with us. We are providing this material in accordance with Rule 204-3 of the Investment Advisers Act of 1940, which requires a registered investment adviser to provide a written disclosure statement upon entering into an advisory relationship.

Additional information about IBN Advisory Services, Inc. is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for IBN Advisory Services, Inc. is 293288. The SEC’s web site also provides information about any persons affiliated with IBN Advisory Services, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of IBN Advisory Services, Inc.

**Material Changes Since the Last Update**

No other material changes occurred in fiscal year 2021.

**Full Brochure Available**

We will provide a new version of the Firm Brochure as necessary when updates or new information are added, at any time, without charge. To request a complete copy of our Firm Brochure, contact us by telephone at [compliance@ibrokernet.com](mailto:compliance@ibrokernet.com).

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## **Item 4            Advisory Business**

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### **A. Firm Description**

Principally owned by Richard J. Carlesco Jr., Christopher R. Avery and Timothy E. Evans, IBN Advisory Services, Inc. (“IBNADV” or the “Firm”) has been in business since January 2018. IBNADV is affiliated with IBN Financial Services Inc. (“IBNBD”), which is dually registered as a broker-dealer with Financial Industry Regulatory Authority (“FINRA”), and a Securities Exchange Commission (“SEC”) registered investment advisor (“RIA”). IBNADV is a corporation formed under the laws of the State of New York, with its principal office located at 404 Old Liverpool Rd., Liverpool, NY 13088.

IBNADV provides asset management services and access to other third party asset managers. IBNADV provides these services for IBN Financial Services, Inc. IBNFNSR and other Registered Investment Advisors. Most asset management services will be performed through allocations to one or more investment strategies offered by IBNADV or other third-party registered investment advisors. We provide these advisory services through several investment teams, each of which operates with their own advisory and management focus, to provide a diverse selection of models.

### **B. Types Of Advisory Services**

#### **Asset Management**

Asset management services involve the management of assets with different structures and investment goals.

IBNADV does not have a specified minimum account size. Some clients who wish to access multiple asset management styles, specifically third-party managers, may be required by such third-party money managers to have an account minimum.

We provide services on both a discretionary and non-discretionary basis. The Firm shall be granted full discretion and authority to manage the client’s account. Accordingly, IBNADV is authorized to perform various functions without further approval from the client, such as the determination of securities to be purchased or to be sold without permission from the client prior to each transaction.

Prior to the Firm providing any of the aforementioned investment advisory services, IBNADV requires a written investment management agreement (“IMA”) signed by the client prior to the engagement of services. The IMA outlines the services and fees the clients will incur pursuant to the IMA with IBNADV.

When IBNADV is engaged to provide asset management services on a discretionary basis, IBNADV will monitor the accounts to ensure that they are meeting the client’s asset allocation requirements. If any changes are needed, IBNADV will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the way their account is managed. For example, a client may restrict the types of investments IBNADV may use in the client’s account,

or the allocations to a security type.

When a firm engages IBNADV to provide investment management services on a non-discretionary basis, the Firm will make investment recommendations to the Client and, upon written or verbal approval of the Client, IBNADV will execute the trade. Clients that determine to engage the Firm on a non-discretionary investment advisory basis must be willing to accept that the Firm cannot affect any account transactions without obtaining prior consent to such transaction(s) from the Client. Thus, in the event that the Firm would like to make a transaction for the Client's account (including in the event of an individual holding or general market correction), and the Client is unavailable, the Firm will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

When firms engage IBNADV to provide asset management services, the client and IBNADV will execute an Investment Management Agreement that describes the services to be provided, the fees for the service, other expenses related to the provision of the investment management services, and how to terminate the agreement.

### **Financial Consulting**

Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. If clients wish to execute their financial plan through the Firm, they may separately engage the Firm for asset management services. Financial planning can be described as helping individuals to determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of the financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives. Should the client elect to act on any recommendation made by the Firm, the client is under no obligation to affect the transaction through the Firm.

### **C. Tailored Relationships**

IBNADV offers the same suite of services to all its clients. The management services and recommendations offered by the Firm are based on the individual needs of our clients and the suitability of products and services. Specific client financial plans and their implementation are dependent upon the client's Investment Policy Statement which outlines each client's current situation (income, objectives, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs and targets.

Clients may impose restrictions on investing in certain securities or types of securities in accordance with their values and beliefs. The Firm will make every effort to comply with the wishes of the client but cannot guarantee absolute adherence due to its use of indexed products, funds, and ETFs that are controlled by third party managers.

### **D. Wrap Fee Programs**

**IBNADV does not participate in and is not a sponsor of wrap fee programs.**

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a “bundled” form. In exchange for these “bundled” services, the clients pay an all-inclusive (or “wrap”) fee determined as a percentage of the assets held in the wrap account. Due to the nature of its advisory services.

**E. Assets Under Management**

When calculating regulatory assets under management, an Investment Adviser must include the value of any advisory account over which it exercises continuous and regular advisory or management services.

As of December 31, 2020, IBNADV managed \$72,468,657 in client assets on a discretionary basis and \$0.00 on a non-discretionary basis.

Folio Investments Inc. and TD Ameritrade. **IBN does not custody any assets.**

Third Party Management Clarifi, Mariner Wealth (Vantage Investment Advisors, LLC), First Fiduciary Investment Counsel, Inc.

**Item 5 Fees and Compensation**

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**A. Description and Billing**

**Financial Planning**

Financial planning fees can be hourly, fixed fee basis (which may be per project or ongoing), or included with asset management services. Our hourly charge is between \$125 and \$350 per hour. Fixed fees will be between \$0 and \$15,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

**Asset Management**

Generally, fees may vary from 0.50% to 2.00% per annum of the market value of a client’s assets managed by IBNADV. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors. Any fee above 2% must be approved by compliance in advance and the reason for the excess fee must be detailed in writing on part B of the Investment Management Agreement.

Folio trades at 11am EST and 2PM EST for no cost to the client. If the client wants to make a market order (outside our normal trading times) there is a \$3.95 charge per transaction.

**Clients charged a fee greater than 2%, above the standard advisory fee, may be able to find comparable advisory services elsewhere for less. Charging more than 2% would violate the antifraud provision of Section 206 of the Investment Advisors Act of 1940 unless that advisor discloses to existing and potential clients that the fee is higher than normally charged in the industry and that other investment advisors provide the same or similar services at lower rates.**

## **Selection of Third-Party Managers**

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. We consider private placement, or “hedge funds” as third-party managers.

We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client, unless the client is non-discretionary. Permission for non-discretionary accounts will be obtained before placing the client's assets with another money manager.

IBNADV will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Clients may have their assets allocated to the strategies of their affiliate, “IBNBD” or “IBNFNSR”. folios. The majority of IBNADV client assets are invested through Folio Investments, Inc. Individual investment adviser representatives may receive greater compensation for allocating

assets to “IBNBD” or IBNFNSR than to other managers. This conflict of interest is disclosed to clients verbally and in this brochure. IBNADV also attempts to mitigate the conflict of interest by requiring employees to acknowledge the firm’s Code of Ethics, their individual fiduciary duty to the clients of IBNADV, which requires that employees put the interests of clients ahead of their own.

The use of a third-party manager does not change the relationship between the IBNADV professional and the client, in that such professional will still manage the overall client portfolio, adding, subtracting and modifying the allocations to different strategies and managers.

## **B. Billing**

Investment advisory fees will generally be debited directly from each client’s account. However, clients do have the option to pay fees through an automated payment service. The advisory fee is paid on either a quarterly or monthly basis, in arrears or in advance, depending on the chosen custodian and method. Depending on the client’s needs and suitability, the appropriate custodian and billing model will be recommended. Fees are calculated based on the average value, beginning value or ending value depending on the manager or the custodian and will be disclosed in the Investment Management Agreement. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to the firm.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee. It is the responsibility of the client to verify the accuracy of all fee calculations. The client may terminate the investment advisory contract by notifying IBNADV in writing at its principal place of business.

Clients whose fees are debited from their bank accounts using the automated payment service will provide written consent for IBNADV to debit their bank accounts for the amount of the fee due to IBN Advisory Services, Inc. The advisory agreement may be modified as mutually agreed upon in writing. The agreement is terminable by you at any time. The agreement is not assignable by IBNADV without the advance written consent of the client.

## **C. Other Fees and Payments**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Separate Account Managers may be engaged. These managers charge an additional fee. This additional fee varies by manager. Your exact amount of additional fee will be fully disclosed at the time of engagement. Mutual funds and exchange traded funds (“ETF”) generally charge a management fee for their services as investment managers. The management fee is called an



expense ratio. For example, an expense ratio of 0.50 means that the fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to the Firm.

### *Mutual Funds*

All fees paid to IBNADV for investment advisory services are separate and distinct from the fees and expenses charged by underlying investments such as mutual funds. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Expenses of a fund, including management fees payable to the mutual fund manager, will not appear as transaction fees on a client's statement, as they are deducted from the value of the shares by the mutual fund manager. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of IBNADV. In that case, the client would not receive the services provided by IBNADV which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by IBNADV to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. IBNADV can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

## **D. Refund and Termination Policy**

Clients have right to cancel their respective advisory agreement at any time by notifying us in writing. We also may cancel this agreement at any time by written notice to you. If billed in advance, you will be billed on a pro rata basis and refunded. If billed in arrears

## **E. Other Compensation**

Neither IBNADV nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6            Performance-based Fees**

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### **A. Performance-based Compensation**

IBNADV does not assess Performance Fees. Performance-Based Fees ("Performance Fees") are based on a share of the capital gains or capital appreciation of the assets of a client. Our fees are calculated as described in Item 5 above.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

## **Item 7            Types of Clients**

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### **A. Types of Clients**

IBNADV generally provides advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### **B. Account Requirements**

IBNADV recommends minimums based on selected strategy. IBNADV has strategies that have no minimum however some strategies from third party managers can have minimums. Minimum recommendations for each strategy can be viewed in our account application packet or Item 8 below.

IBNADV can waive the minimum amount requirements at their sole discretion.

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

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When a client engages IBNADV, the firm will review a client's portfolios, discuss the client's investment objectives and risk tolerance as well as any potential investment restrictions, and plan a transition for the client's assets from their current accounts to accounts managed by the firm. Once we ascertain your objectives for each account, we will develop a financial strategy that fits those objectives. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's. Once we agree on allocation guidelines, risk tolerance, time horizon, and how to achieve these results, we will develop an investment strategy to guide all parties involved in the execution of these goals, including but not limited to, IBNADV, the client, the custodian, and the investment managers.

### **A. Methods of Analysis**

The Firm may utilize one or more of the following methods of analysis when providing investment advice to its clients:

***Fundamental analysis*** concentrates on factors that determine a company's value and expected future earnings. It involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal

business decisions and to calculate its credit risk. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their intrinsic value. The risk assumed is that the market will fail to reach expectations of intrinsic value.

**Technical analysis** is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. It attempts to predict a future stock price or direction based on market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. Technical analysis methods employ software and other financial data management tools to assess various aspects of the marketplace. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that markets react in cyclical patterns which, once identified, can be leveraged to provide performance. Analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. The risks of 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, it changes the very cycles of which they are trying to take advantage.

## **B. Investment Strategies**

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend that clients invest through our proprietary strategies, but we may also recommend securities such as stocks, index funds, exchange traded funds, mutual funds, and bonds or other third-party managers.

IBNADV relies on trade signals provided to us from Dynamic Portfolio Strategies to manage most of our proprietary models.

### **Dynamic Portfolio Strategies Investment Philosophy**

Dynamic Portfolio Strategies has worked to identify the relationships between market data, economic data, and the performance of financial markets, in an effort to, systematically increase returns and reduce volatility. What we have found is that market events are not random, and just as the economy experiences cycles, so do the financial markets. There are times to own bonds, stocks, and commodities and more importantly, there are times to sell them. Using mathematical algorithms coupled with a methodical, proprietary scoring process, our models provide disciplined and unemotional “buy” and “sell” signals as the market changes. Based on these signals, client assets are then moved between stock, bond, sector, and money market mutual funds. A wide range of portfolios are offered to accommodate varying risk tolerances and investment objectives.

When mutual funds are utilized, specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by IBNADV, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund IBNADV deems

relevant to that particular fund. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

### **C. Risk of Loss**

There are always risks to investing. Clients should be aware that all investments carry various types of risk, including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

**Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

**General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

**Strategy Risk.** When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.

**Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.

**Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

**Tax Risks Related to Short Term Trading:** Clients should note that IBNADV may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. IBNADV endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

**Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

**Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes

under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.

**Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

**Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

**Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

**Short Sales.** “Short sales” are a way to implement a trade in a security IBNADV feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. IBNADV utilizes short sales only when the client’s risk tolerances permit.

**Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by IBNADV is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct IBNADV, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in the Options Strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.

**Equity Securities.** The value of the equity securities is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market’s perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.

**Exchange Traded Funds (“ETF”).** ETFs are a type of investment security, representing an interest in a portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry, sector or factor. ETFs that track actively managed indices also exist. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions

on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not perfectly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses.

**Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

**Small Companies.** Some investment opportunities in the marketplace involves smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

**Concentration Risk.** While IBNADV selects individual equities and bonds for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

**Transition risk.** As assets are transitioned from a client's prior advisers to IBNADV there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by IBNADV. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of IBNADV may adversely affect the client's account values, as IBNADV's recommendations may not be able to be fully implemented.

**Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their

accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns

**Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ. Clients should *carefully* review the risks associated with each manager as such risks are disclosed in that firm's Form ADV and/or offering documents for the private placement, both of which are available from IBNADV.

**Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

**Algorithms and Models.** When an investment manager develops a mathematical algorithm that identifies trigger points for the purpose of indicating a "buy" or "sell" signal, these trigger points are limited in that they are based on solely the data input into the algorithm. There is an unlimited amount of data that can be considered in making any given decision as to whether to buy or sell any given security. An algorithm, by design, ignores some data in favor of others. There is a risk that the data selected for the algorithm will not create a positive result, whereas other data, had it been considered, may do so.

**REITs:** IBNADV may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

**MLPs:** IBNADV may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs

may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask IBNADV any questions regarding the role of MLPs in their portfolio.

#### **D. Recommendation of Specific Types of Securities**

The Firm does not primarily recommend a particular type of security. Investments may include, but are not limited to, exchange listed securities, fixed-income securities, over-the-counter securities, foreign securities, options, derivatives, money market funds, real estate investment funds ("REITs") and other pooled investment vehicles, such as open and closed end mutual funds or ETF's.

#### **Item 9           Disciplinary Information**

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Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. In 2019 the State of Vermont fined IBN Advisory Services \$2,000 for failing to apply for and maintain one agent registered in Vermont at all times. The fine has been paid for this non-sales practice incident.

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

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##### **A. Financial Industry Activities**

IBN Advisory Services, Inc. is an affiliate of IBN Financial Services, Inc. and has the same management.

##### **Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of IBNADV, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

##### **Relationship with Related Persons**

Certain professionals of IBNADV are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for IBNADV clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of IBNADV.



Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage IBNADV or utilize these professionals to implement any insurance recommendations. IBNADV attempts to mitigate this conflict-of-interest by disclosing the conflict to clients and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with IBNADV, or to determine not to purchase the insurance product at all. IBNADV also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of IBNADV, which requires that employees put the interests of clients ahead of their own.

Certain professionals of IBNADV are also registered representatives of IBNBD. As such, these professionals may recommend the purchase of commission-based products in their capacity as registered representatives and will receive commissions for these transactions. This is a conflict of interest as these dually registered advisers may have an incentive to recommend a commission-based product over an advisory-based product. Clients are not required to execute recommendations with the adviser in their registered representative capacity, or through IBNADV's affiliates.

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

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

All employees of IBNADV must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, IBNADV has adopted a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or the appearance of such conflicts), and to establish reporting requirements and enforcement procedures relating to personal trading by IBNADV personnel. IBNADV's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

### **B. Participation or Interest in Client Transactions**

We often own some of the same securities that are recommended to Clients who are of a similar personal and financial means. IBNADV may buy or sell securities identical to those recommended to Clients for their personal accounts. In addition, any related person(s) may have an interest or position in a security that may also be recommended to a Client.

It is the express policy of IBNADV that no employee may purchase or sell any security, with the exception of open-end mutual funds, prior to a transaction being implemented for a Client, thereby

preventing such employees from benefiting from transactions placed on behalf of such Client. As these situations represent a conflict of interest, IBNADV has established restrictions in our Code of Ethics Policy in order to ensure its fiduciary responsibilities.

All employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

### **C. Proprietary and Simultaneous Trading**

At times, IBNADV or its affiliated persons may buy or sell securities for its own accounts that it has also recommended to clients. However, any purchase or sale of a security by IBNADV or a related person will be subject to IBNADV's fiduciary duty to client accounts. From time to time, representatives of IBNADV may buy or sell securities for themselves at or around the same time as IBNADV's client accounts. In any instance where similar securities are bought or sold, IBNADV will uphold its fiduciary duty by always transacting on behalf of the client before transacting for its own benefit. IBNADV will always document any transactions that could be construed as conflicts of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, IBNADV will monitor its proprietary and personal trading reports for adherence to its Code of Ethics.

## **Item 12      Brokerage Practices**

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### **A. Selection and Recommendation**

IBNADV recommends that investment accounts be held in custody by TD Ameritrade Institutional Division of TD Ameritrade, Inc., Folio Institutional ("Folio"), Folio or by IBNBD (which clears through AXOS Clearing, Inc. ("AXOS")) members SIPC and FINRA. These custodians offer enhanced services, including custody of securities, trade execution platforms, and access to research not available to the general public. IBNBD, all other recommended broker-dealer/custodians are wholly independent from IBNADV. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

IBNADV recommends broker-dealers to its clients based on a variety of factors. These include, but are not limited to, commission costs. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. The broker-dealers we recommend add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. The broker-dealers we recommend also have arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). IBNADV re-evaluates the use of its recommended broker-dealers at least annually to

determine if they are still the best value for our clients.

## **B. Business Continuity**

IBNADV has created and maintains a written business continuity plan which identifies procedures relating to an emergency or significant business disruption, including death or incapacitation of the investment adviser or any of its representatives. Such procedures are reasonably designed to enable IBNADV or any of its representatives to meet their obligations to clients. IBNADV will also provide clients a list of emergency contact numbers, including those for their custodian, in the case that they are not able to reach IBNADV due to a continuity issue.

## **C. Research and Other Soft Dollar Benefits**

IBN Advisory is not a party to any soft dollar agreements and has no plans to enter into any such agreements in the foreseeable future.

## **D. Brokerage for Client Referrals**

We do not consider whether any other broker-dealer/custodian refers clients to IBNADV as part of our evaluation of these broker-dealers, though they may do so from time to time.

## **E. Directed Brokerage**

By requiring clients to use these specific custodians, which IBNADV has approved, IBNADV seeks to achieve “best execution” of client transactions.

IBNADV does not permit clients to direct the use of a particular brokerage firm.

## **F. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro* to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client *rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

## **G. Trade Error Policy**

IBNADV maintains a record of any trading errors that occur in connection with investment activities of its clients. In accordance with SEC recommendations, IBNADV will bear any losses due to trading errors and the client account will benefit from any gains due to trading errors.

## **Item 13      Review of Accounts**

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### **A. Periodic Reviews**

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

### **B. Intermittent Review Factors**

Other conditions that may trigger a review are changes in the tax laws, volatility in the market, new investment information, and changes in a Client's own situation

### **C. Reports**

The annual report in writing provided by IBNADV is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from their account custodian. Additionally, all clients will receive itemized bills from IBNADV. Please refer to Item 15 regarding Custody.

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

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### **A. Economic Benefits from Others**

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

### **B. Compensation to Unaffiliated Third Parties**

Clients may be introduced to IBN FSR via other third parties. In the event that IBN FSR compensates any party for the referral of a client to IBN FSR, any such compensation will be paid by IBN FSR, and not the client. At this time IBNFNSR does not pay a referral fee to any other firm

or individual. If the client is introduced to IBN FSR by an unaffiliated third party, that third party will disclose to the client the referral arrangement with IBN FSR, including the compensation for the referral, and provide the client a copy of IBN FSR's ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between IBN FSR and the referral source, including the fact that referral fees will be paid.

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**Item 15      Custody**

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While some clients may request that an IBNADV representative assist them in reviewing household finances, at no time will an IBNADV representative have access to checks or bill paying services.

IBNADV deducts fees from client accounts but would not have custody of client funds otherwise. Clients will receive statements directly from their custodian, and copies of all trade confirmations directly from their custodian. Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian and to compare the information on your quarterly report prepared by IBNADV against the information in the statements provided directly from their account custodian. Please alert us of any discrepancies.

From time to time, IBNADV may receive standing letters of authorization from a client ("SLOA") whereby the client instructs its custodian to accept instruction from IBNADV to direct funds from the Client's account to specific accounts of the client ("First Party SLOA"). IBNADV will review each SLOA prior to acceptance to ensure it meets these requirements.

**First Party Standing Letters of Authorization.** Under applicable SEC guidance, IBNADV may accept First Party SLOAs without being deemed to have custody if the First Party SLOAs meet the following criteria:

1. It is authorized by the Client.
2. A copy of the authorization is provided to the qualified custodians.
3. It clearly specifies the name and account numbers (including ABA routing numbers) on the sending and receiving accounts and the qualified custodian holding each of those accounts.
4. It identifies the accounts as belonging to the Client.

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**Item 16      Investment Discretion**

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It is IBNADV's customary procedure to have full discretionary authority in order to supervise and direct the investments of a client's accounts. Clients grant this authority upon execution of IBNADV's IMA. This authority is for the purpose of making and implementing investment decisions, without the client's prior consultation. All investment decisions are made in accordance with the client's stated investment objectives. Other than management fees due to IBNADV, which

IBNADV will receive directly from the custodian, IBNADV's discretionary authority does not give authority to take or have possession of any assets in the client's account or to direct delivery of any securities or payment of any funds held in the account to IBNADV. Furthermore, IBNADV's discretionary authority by agreement does not allow it to direct the disposition of such securities or funds to anyone except the account owner.

#### **Item 17      Voting Client Securities**

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Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. IBNADV will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. IBNADV will not give clients advice on how to vote proxies.

For client assets managed by IBNADV, IBNADV may accept proxy voting responsibility.

**Item 18      Financial Information**

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**A. Balance Sheet**

A balance sheet is not required to be provided because the Adviser does not serve as a custodian for client funds or securities and the Adviser does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

**B. Financial Conditions**

The Adviser has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

**C. Bankruptcy Petition**

IBNADV has not been the subject of a bankruptcy petition at any time during the last 10 years.