



T H E I N S T I T U T E

Part 2A Appendix 1 of Form ADV  
Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of The Institute for Wealth Management, LLC, and the Madison Park Advisors group. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address above.

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 The Institute for Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The use of the term registered investment adviser does not imply a certain level of skill or training.

**March 26, 2021**

## **Item 2 – Material Changes**

We may update this Wrap Fee Brochure at any time but are required to promptly send clients a copy of certain material changes to our disclosures upon doing so. In addition, we will also deliver an annual summary of material changes that occur to the Brochure along with an offer to provide you with a current version. The following material changes have been made to this Brochure:

Wrap Fee disclosure for the Institute for Wealth Management, dba, Madison Park Advisors

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

The Adviser provides investment advisory services to its clients on a discretionary or non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management or supervision is guided by the stated objectives of the client. In addition, the Adviser considers the client's risk profile and financial status prior to making any recommendations.

The Adviser may recommend that clients establish brokerage accounts with TD Ameritrade, and/or Charles Schwab (the Custodians) registered broker-dealers, member SIPC, to maintain custody of clients' assets and provide other brokerage services.

The Adviser offsets a portion of the fees charged by the Custodians for custodial and brokerage related services. This includes various brokerage costs related to transactions, retirement plan and administration fees. However, this does not cover mutual fund expenses as disclosed in the prospectuses, mark-ups, mark-downs, transfer fees, and wire fees among other fees.

The Custodians also makes available to the Adviser other products and services that benefit the Adviser but may not benefit its clients' accounts. Some of these other products and services assist the Adviser in managing and administering clients' accounts. These include software and other technology, allocation of aggregated trade orders for multiple client accounts, research, pricing information and other market data, facilitate payment of Adviser's fees from its clients' accounts and assist with back-office functions, recordkeeping, and client reporting. The Custodians also makes available to the Adviser other services intended to help Adviser manage and further develop its business enterprise. These services may include consulting, publications and conferences on

practice management, information technology, business succession, regulatory compliance, and marketing. The Custodians may also make available, arrange, and/or pay for these types of services rendered to the Adviser by independent third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Adviser.

Based on the availability of the benefits and services the Adviser has an incentive to require that clients use a certain Custodian which is a potential conflict of interest.

It is likely that the Adviser from time to time will affect securities transactions and pay a commission that exceeds the commission another broker-dealer would have charged. Generally, the Adviser will determine in good faith that such commissions are reasonable in relation to the value of the services provided by the Custodians, viewed in terms of either the particular transaction or the overall relationship.

### **Client Assets Under Management**

As of December 31, 2020, IWM managed \$773,708,779.00 in discretionary assets and \$7,847,257.00 in non-discretionary assets. Certain assets are included as non-discretionary assets as The Institute believes it arranges for the purchase or sale by inputting trade information directly onto each platform's online trade system. The aggregate of the above numbers reflects IWM's total Regulatory Assets Under Management of \$781,556,037.00.

### **Annualized Fees**

The Adviser is compensated for investment management or supervisory services based on clients' assets under management. Fees are paid quarterly in advance and are non-negotiable. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the last business day of the prior calendar quarter. Fees are prorated for accounts opened during the quarter. In addition, related accounts can be aggregated to establish the amount of assets under management on which fees will be based. Related accounts may include but are not limited to siblings, children, parents, and in-laws. The annual fee rate may be negotiated by the IAR, at the sole discretion of the IAR. The maximum fees are listed in the Schedule A example below:

SCHEDULE A (example)		
ASSET MANAGEMENT FEE OPTION		
Total Client Fee	Maximum Account Fee	Asset Size
	2.50 %	Of the first \$249,999.99
	2.00%	\$250,000 - \$499,999.99
	1.50%	\$500,000 - \$999,999.99
	1.00%	+\$1,000,000

## **REFUNDS**

A client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with 30 days written notice.

## **GENERAL DISCLOSURES**

Fees may be more or less than the cost of purchasing the same services separately or from a different source. The factors to be considered by clients in determining the reasonableness of the fees charged include but may not be limited to the following:

- Transaction costs and/or other miscellaneous fees and taxes and/or charges as well as commissions or markups and markdowns on the purchase and/or sale of securities.
- Gathering information on Portfolio Managers and/or Mutual Funds (“Due Diligence”) and the ongoing monitoring of their business and performance.
- The value of the consulting service provided by the Adviser in designing and monitoring the client’s asset mix and periodically rebalancing.
- Clients must provide the Adviser with notice if their investment strategies or objectives change.

## **FINANCIAL PLANNING SERVICES**

The services of financial planning (“Plan”) offered by The Institute are part of the Advisor’s non- wrap fee advisory programs. This service is available to clients who seek a personalized written financial plan that assesses a client’s current and projected financial situation and investment goals and establishes an investment strategy to seek to meet those goals and objectives. These goals and objectives are based on an analysis which generally will include the following: investment objectives, financial goals and needs, risk tolerance, age, current asset allocation, value of assets, and complexity of your current financial situation.

The Plan may include an analysis of the following: investment planning, education planning, insurance planning, cash flow, management, and asset allocation strategies. The Plan may recommend specific securities or investments but is generally intended to serve as a basis for further analysis and discussion between the client and his/her financial, legal and tax advisers in helping the client achieve his/her investment objective and goal.

The Institute provides analytical and advisory services in creating the Plan. The Institute does not provide legal, tax, or accounting advice or services.

The client is not required to engage The Institute or its affiliates to implement the Plan. If the client chooses to engage The Institute to implement the Plan, a separate agreement and fee will apply depending upon the nature of the relationship and the type of services to be provided.

For Financial Planning Services, clients pay a fee for the advisory services that The Institute provides. In addition to the fees which are generally negotiable, clients pay commissions or other execution fees for each transaction.

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), fees for trades executed away from the Custodians, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on

brokerage accounts and securities transactions.

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

### **The Advisor Provides services to:**

- Individual – Trusts, estates, 401(k) plans and IRAs of a household count as one individual.
- High net worth individual – An individual who is a “qualified client” under rule 205-3 of the Advisers Act of 1940 or is a “qualified purchaser”.
- Charitable or nonprofit organizations – This may include social welfare organizations, agricultural/horticultural organizations, labor organizations, business leagues or trade associations and entities that operate for purposes that are religious, artistic, literary, charitable, scientific, educational or in the interest of public safety.
- Banks or thrift institutions
- Business entities including sole proprietorships
- Pension and profit sharing plans (other than plan participants)
- Other

### **Account Minimums**

The Adviser does not impose a minimum account requirement on clients.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

The Madison Park Advisors group is the manager for the wrap fee program.

#### **1. Standards Used to Calculate Portfolio Manager Performance**

The Advisor will use industry standards to calculate portfolio manager performance.

#### **2. Review of Performance Information**

The Advisor reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed monthly and is reviewed by the Advisor.

### **B. Related Persons**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons.

### **C. Advisory Business, Performance-Based Fees, Side-By-Side Management, Methods of Analysis, Investment Strategies, Risk of Loss, Voting Client Securities**

The Advisor offers investment supervisory services to its wrap fee program participants as detailed in Section 4 above, and limits investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, third party money managers, REITs, insurance products including annuities, private placements, government securities. The Advisor may use other securities as well to help diversify a portfolio when applicable.

### **Investment Supervisory Services**

The Advisor offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Investment Supervisory Services include, but are not limited to, the following:

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

The Advisor evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. The Advisor will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are reviewed with each client.

### **Performance-Based Fees and Side-By-Side Management**

Neither the Advisor nor any of its supervised persons charges a performance-based fee that is, a fee based on a share of capital gains on or capital appreciation of the assets of a client.

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

The accounts are managed using various types of investment strategies. Portfolio Managers will perform security analysis and methods used may include charting, fundamental, technical, or cyclical analysis. The main sources of information that the PM may use include financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, SEC filings and company press releases.

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

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

*Technical Analysis:* The Portfolio Manager analyzes past market movements and applies that analysis to the present to supplement its fundamental research and to recognize recurring patterns of investor behavior and attempt to predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly-managed or financially unsound company may underperform regardless of market movement.

*Cyclical Analysis:* In this type of technical analysis, the Portfolio Manager measures the

movements of a particular stock against the overall market in an attempt to predict the price movement of that security.

Certain advisory strategies may consist of portfolios being either fully or primarily invested in money market funds and/or short-term bond funds, depending on the client's unique financial needs and/or our economic market outlook.

### **Risk of Loss**

Each investment style, strategy, and investment entails varying degrees of risk. There can be no assurance that a particular investment, style or strategy will be successful or that clients will not suffer losses. Results generated by or for each account will differ, and the investment advice will differ from client to client. Investment performance is not guaranteed, and the Portfolio Manager's past performance with respect to a client's account or other accounts does not predict future performance. The investment strategies used to manage accounts may include long-term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing.

*Margin risk:* The Portfolio Manager may direct the purchase of securities for clients with money borrowed from the client's brokerage account. This allows the client to buy more stock than the client would be able to with the cash that is available and allows the PM to purchase new or additional securities for the client without selling other holdings. Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if the value of securities decline.

*Options risks:* An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells their option in the secondary market nor exercises it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable.

Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option, until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of an European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price. For more information regarding the risks of options, please read the Characteristics and Risks of Standardized Options brochure, which can be found at [www.optionsclearing.com](http://www.optionsclearing.com). The information available on, or that can be accessed through, [www.optionsclearing.com](http://www.optionsclearing.com) is not part of this Form.

### **Voting Client Securities**

We do not vote proxies on behalf of clients. Clients who own voting shares of a company, retain the authority for the proxy voting for those securities held in their account(s) with the following possible exceptions: 1) For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. 2) For accounts managed by a third party advisor (money manager), clients may sign proxy voting authority over to that third party advisor. In either of those instances, it will be indicated in the contract how the client may obtain a copy of the proxy voting policies and procedures of that particular fiduciary. Proxy voting materials received at

by us will either be forwarded to client, or we will contact the sender to redeliver, or will confirm client receipt as applicable.

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

As described in “Item 4. Services, Fees and Compensation”, Clients inform their Portfolio Manager of their investment objectives, risk tolerance, and investment time horizon as well as any applicable investment policies, guidelines, or reasonable restrictions. Since the Wrap Fee accounts are managed by IWM, dba the Madison Park Advisors Group, communication between Clients and the Portfolio Manager occurs on a regular basis. Third party managers may receive such Client information including, but not limited to, factors related to their risk tolerance, investment objectives, investment time horizon and any other relevant investment constraints. Such information may be communicated to the appropriate parties by either Madison Park Advisors or IWM on a periodic basis or as Client circumstances require.

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

Clients are encouraged to contact their Portfolio Managers directly, or, if a third-party money manager is used, it may be appropriate for Clients to alternatively contact their Advisor.

#### **Item 9 – Additional Information**

##### **Disciplinary Information**

The Institute has no disciplinary information to disclose.

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

The Institute for Wealth Management Holdings, INC. is the holding company for The Institute for Wealth Management, LLC and The Institute for Wealth Advisors, Inc., an SEC-registered investment adviser. The Institute for Wealth Management Holdings, Inc. also owns various other companies.

The Institute for Wealth Management, LLC may provide certain advisory and other support services for Institute for Wealth Advisors, Inc. and also may assist registered persons transitioning from a broker-dealer sponsored platform to an independent investment advisory model. A conflict of interest may exist where there is an incentive to refer clients to an affiliate.

Some of our IARs may also be securities representatives of registered broker-dealers/ members of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). In this capacity these dually registered persons may recommend securities, or other products, and receive normal securities transactions commissions if products are purchased through any firms with which these associated persons are affiliated. Thus, a conflict of interest may exist between the interests of associated persons and those of the advisory clients. However, clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the associated persons unless they decide to follow the recommendations.



Some of our IARs may also be licensed insurance agents of various insurance companies. In these capacities they may receive insurance commissions if insurance products are purchased through them. Thus, a conflict of interest may exist between their interests and the interests of their clients. However, the clients of those IARs/insurance agents are under no obligation to act upon any recommendations or effect any transactions through them unless they decide to follow the recommendations.

IWM makes available Income Insurance through Merit Life. This option should be discussed with your IAR and a determination of your fit and qualifications to take part in this option. This product is an insurance product and features a fixed contingent deferred annuity contract that should be considered before purchasing. All guarantees are backed by the claims paying ability of the issuing company and are issued by Merit Life Insurance Co., Austin Texas. IWM does not receive compensation for the addition of this insurance product.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Review of Accounts, Client Referrals and Other Compensation, Financial Information**

### **Code of Ethics**

The Institute's ethical culture is of critical importance to us. We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information, and other situations where there is a possibility for conflicts of interest. The Code of Ethics is designed to protect our clients by deterring misconduct, educating personnel regarding our expectations and laws governing their conduct, and reminding personnel that they are in a position of trust and must act with complete propriety at all times, protect our reputation, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether personnel are complying with our ethical principles. All supervised persons must acknowledge the terms of the Code of Ethics annually, and as amended.

The Institute's officers, directors, and employees may trade for their own accounts in securities which are recommended to or purchased for clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees will not interfere with;

- (i) making decisions in the best interest of advisory clients and
- (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

In addition, the Code requires pre-clearance of certain transactions and restricts trading in close proximity to client trading activity. Nonetheless, because we permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored pursuant to the provisions of the Code of Ethics.

The Institute will provide a copy of the Code of Ethics to any client or prospective client upon request. Please call (303) 572-3500, or email [info@instituteforwealth.com](mailto:info@instituteforwealth.com).

### **Participating or Interest in Client Transactions**

Neither the Firm nor any associated person acting as a principal, buys securities from (or sells securities to) clients, acts as general partner in a partnership in which the Firm solicits client investments, or acts as an investment advisor to an investment company that the Firm recommends to

clients.

The Firm does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by associated persons.

Neither the Firm nor any associated person recommends that clients buy from or sell securities to other clients.

### **Review of Accounts**

The Advisor may have IARs that operate independently but has a policy that account reviews are conducted no less than quarterly. More frequent and ongoing reviews are dependent on circumstances of the client, particular investments, market activity, or other events that affect portfolio management. There is currently no limit on the number of accounts that can be reviewed by an IAR.

Brokerage statements are generated no less than quarterly and the account Custodians sends copies directly to clients. These reports list the account positions, activity in the account over the covered period and other related information. The Custodians also sends confirmations following each brokerage account transaction.

Financial plans are reviewed annually unless circumstances determine otherwise. Events that trigger more frequent review of financial plans include changes in a client's situation, or events that may affect market activity over the life of the plan.

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

#### **TD Ameritrade Institutional Advisor Program:**

The Institute participates in the TD Ameritrade institutional advisor program (the "Program") and may recommend TD Ameritrade to clients for custody services. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker/dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

There is no direct link between our participation in the Program and the investment advice it gives to its clients, although we receive economic benefits through our participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit us but may not benefit client accounts.

These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business. The benefits received by us or our related persons through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons creates a potential conflict of interest in choosing a custodian for clients. The Institute receives client referrals from TD Ameritrade through our participation in the Program. In addition to meeting the minimum eligibility criteria for participation in Advisor Direct, we may have been selected to participate in Advisor Direct based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker/dealer independent of and unaffiliated with us and there is no employee or agency relationship between the Institute and TD Ameritrade. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. TD Ameritrade does not supervise us and has no responsibility for our management of client portfolios or our other advice or services. We pay TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to us ("Solicitation Fee"). We will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by us from any family members of a referred client, including a spouse, child, or any other immediate family member who resides with the referred client and hired us on the recommendation of such referred client. We will not charge clients referred through Advisor Direct any fees or costs higher than our standard fee schedule. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade Advisor Direct Disclosure and Acknowledgement Form.

TD Ameritrade will most likely refer clients through Advisor Direct to investment advisers that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, we have incentives (i) to recommend to clients that the assets under management by us be held in custody with TD Ameritrade, (ii) to provide trading instructions to TD Ameritrade for clients whose accounts are custodied at TD Ameritrade, and (iii) to the extent trading in a client account may cause TD Ameritrade to absorb additional trading expenses, to reduce trading in such client accounts. In addition, we have agreed not to solicit clients referred to us through Advisor Direct to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other Custodians, except when our fiduciary duties require doing so.

Our relationships with TD Ameritrade pose a number of conflicts of interest. Our goal is to ensure that all clients receive the full benefit of our investment advice. In order to address potential conflicts of interest with TD Ameritrade (and any other broker/dealers, investment advisers, etc., with which we maintain a relationship), we monitor client account performance to identify situations in which the performance of any group of client accounts lags that of other, substantially similar client accounts, and will take steps, when practicable, to ensure comparable performance among similarly situated client accounts.

The Institute may engage an investment advisor ("Investment Advisor") and/or investment advisor representative who is duly registered with the SEC or applicable state securities authority. The Institute may pay the Investment Advisor a portion of the fees paid by clients referred by those

investment advisor representatives of the Investment Advisor. All investment advisor representatives and Investment Advisors who refer clients will be appropriately registered, licensed and in compliance with the requirements of the jurisdiction in which they operate.

Whenever The Institute compensates Investment Advisors and/or investment advisor representatives for referrals, the effected clients will receive a disclosure document discussing the referral fees paid and informing the client about whether the client or The Institute pays the fee.

### **Charles Schwab Advisor Services:**

IWM may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. IWM is independently owned and operated and not affiliated with Schwab. Schwab provides IWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For IWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to IWM other products and services that benefit IWM but may not benefit its clients' accounts. These benefits may include national, regional or IWM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of IWM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist IWM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of IWM's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of IWM's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to IWM other services intended to help IWM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to IWM by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to IWM. While, as a fiduciary, IWM endeavors to act in its clients' best interests, IWM's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to IWM of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality

of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

**Transaction Based Pricing:** IWM does not charge our clients higher advisory fees based on their trading activity, but a client should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

**Effective October 7, 2019**, Schwab eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://schwab.com/aspricingguide).

### **Financial Information**

There is no financial condition that is reasonably likely to impair the Adviser's ability to meet its contractual commitments to its clients.