

# Form ADV

March 30, 2021

Part 2A

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This brochure ("**Brochure**") provides information about the qualifications and business practices of StrategIQ® Financial Group, LLC ("**StrategIQ**"). If any current or prospective StrategIQ clients have any questions about the contents of this Brochure, please contact StrategIQ at 219.736.8902 or msleuwen@sfgweb.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority. Registration with the SEC or a state regulatory authority does not imply a certain level of skill or expertise.

All current or prospective StrategIQ clients should review this Brochure in conjunction with StrategIQ's separate brochure supplement ("**Supplement**"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the StrategIQ supervised person(s) working with StrategIQ clients on StrategIQ's behalf or who may otherwise participate in the advisory services provided to StrategIQ clients.

Additional information about StrategIQ or any of the StrategIQ supervised persons (who are registered under StrategIQ) is also available on the SEC's Investment Adviser Public Disclosure ("**IAPD**") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

There are several terms used throughout this Brochure that are defined in the Glossary of the Form ADV. The full Form ADV and its glossary can be found on the SEC's web site at <http://www.sec.gov/about/forms/formadv.pdf>.

## **Item II. Material Changes**

This Brochure is StrategIQ's disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, StrategIQ will ensure that StrategIQ clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, StrategIQ will provide StrategIQ clients with other interim disclosures about material changes as necessary.

The following are the Material Changes made to the Brochure since StrategIQ's last annual Brochure disclosure filing dated March 30, 2020.

### **Item IV(B)(1) Types of Securities/Investments**

This item describes various types of securities with respect to which StrategIQ provides services.

### **Item IV(B)(4) Discretionary vs. Nondiscretionary Investment Advisory Services**

This item describes the discretionary or nondiscretionary nature of services provided by StrategIQ.

### **Item VIII(A)(3) Material Risks of Investment Instruments**

This item describes the material risks applicable to various investment instruments.

### **Item VIII(D) Operations Risks**

This item describes certain operations risks to which StrategIQ is exposed.

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## **Item IV. Advisory Business**

### **IV(A) Description of your Investment Advisory Firm**

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#### **(A)(1) General**

StrategIQ is a Delaware limited liability company doing business as StrategIQ®, StrategIQ® Financial, StrategIQ® Financial Group, Strategic Financial Group, or SFG. StrategIQ is wholly owned by IQ Companies, LLC. Chad E. Hassinger owns more than 25 percent of the units of IQ Companies, LLC. StrategIQ (including its predecessor, Strategic Financial Group, LLC, an Indiana limited liability company) has been offering investment advisory services since April 1996. StrategIQ is a fee-only investment advisory firm, offering asset management, financial planning, and consulting services.

#### **(A)(2) Investment Committee**

StrategIQ's investment committee is comprised of certain members of the executive officer team of StrategIQ, certain members of the investment department of StrategIQ (including the Chief Investment Officer of StrategIQ) and certain senior members of the investment advisory team of StrategIQ. All members are appointed by the CEO and are voting members.

StrategIQ's investment committee has the following goals and responsibilities with respect to the investment practices of StrategIQ:

- To develop, review and approve the investment strategies of StrategIQ.
- To evaluate and monitor appropriate risk exposures relative to investment strategy thresholds.
- To review the performance of the investment strategies to ensure adherence to StrategIQ's investment philosophy.

StrategIQ clients work directly with investment adviser representatives that are members of the investment advisory team assigned to such StrategIQ client. These investment adviser representatives recommend specific investment strategies developed by the Investment Committee based on such StrategIQ client's investment goals, risk tolerance and stated objectives and needs.

### **IV(B) Description of Advisory Services Offered**

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#### **(1) Types of Securities/Investments**

StrategIQ provides investment management services in relation to diverse types of securities/assets, including traditional investments and alternative investments.

##### **Traditional Investments**

Conventional stocks of publicly-traded companies, bonds or cash (or cash equivalents) are often referred to as traditional asset or investment classes. Mutual funds or exchange traded funds that invest in such traditional asset classes are also considered traditional asset class investments. Traditionally, investors have diversified their portfolios by including several core asset classes, such as equities, bonds and publicly-traded real estate, often further diversifying within these asset classes. For instance, the equity portion of a portfolio might include domestic, international, small-cap and large-cap stocks, diversified across many sectors and industries.

##### **Alternative Investments**

Investments that are not strictly in traditional asset classes are often referred to as alternative investments. There are many different types of investments in this group. Alternative investments are capable of adding meaningful diversification to a portfolio of traditional investments, potentially reducing overall portfolio risk through low (or lower) correlation while enhancing long-term returns.

Investments in alternative asset classes (whether direct or indirect through underlying funds) may be in a broad range of equities of any market capitalization, including large-, mid- and small-cap; may be registered and publicly-traded, may be registered but not publicly-traded, or may not be publicly-registered or publicly-traded; and/or may be in a broad range of fixed income securities of any credit quality or maturity, including U.S. government and agency securities, municipal securities, corporate debt, and debt of foreign issuers including those located in emerging markets; may be in real estate, real estate investment trusts (REITs), master limited partnerships (MLPs), commodities-related assets, high yield debt securities, 144a (private placement) debt, leveraged or derivative transactions, such as futures, options, swaps, and insurance-linked securities, business development corporations (BDC), direct participation programs (DPP), interval funds, nontraded closed-end funds, private equity, venture capital, 1031 exchanges, opportunity zone qualified opportunity funds, nontraded preferred stock issued by REITs, hedge funds, mortgage related or other asset backed securities, hard assets or derivatives.

Mutual funds that invest in alternative asset classes (sometimes called *alt funds* or *liquid alts*) are not typical mutual funds. They are publicly-offered, SEC-registered mutual funds, but hold non-traditional investments or use complex investment and trading strategies. Alternative mutual funds often have similar investments and strategies to those of private placement investments, such as hedge funds. However, alt funds differ from private placement investments, such as hedge funds, in several important ways:

- **Regulatory safeguards:** Because they are mutual funds, alt funds are regulated under the Investment Company Act of 1940, which provides certain safeguards. These protections include limits on illiquid investments, restrictions on borrowings and debt, and the requirement to allow investors to sell their shares at any time. Private placement investments, such as hedge funds, are not required to follow these regulations, and therefore may pursue non-traditional strategies and investments without the same regulatory safeguards.
- **Open to the public:** Any investor may purchase shares of alternative mutual funds. In contrast, private placement investments, such as hedge funds, can only be made by “accredited investors” or “qualified purchasers” who are required to have a minimum level of income or assets. This is designed to limit investors in private placement investments, such as hedge funds, to those who are financially sophisticated and generally can bear the risks of investing in funds that are not subject to the regulatory safeguards.
- **Potentially Lower Fees:** Investors in alternative mutual funds generally pay lower fees than private placement investors. Many alternative mutual funds have an annual fee equal to two percent or less of the fund’s assets. In contrast, investors in private placement investments, such as hedge funds, generally pay advisory fees at a similar level plus a percentage of any profits earned. For example, one fee structure is the so-called 2/20, meaning an advisory fee which is generally equal to 2 percent of the fund’s assets plus a 20 percent fee of any profits earned.

### **List of Traditional and Alternative Securities/Investments**

The list of traditional and alternative securities/investments below is not all-inclusive and is subject to change.

- **Equities**

U.S. equities (stocks of U.S. companies) provide long-term capital growth and serve as a long-term inflation hedge. International equities (stocks of non-U.S. companies) also provide long-term capital growth, serve as a long-term inflation hedge, diversify currency exposure, and increase overall portfolio diversification.

Stocks of publicly-traded companies typically take the form of shares of either common stock or preferred stock. As a unit of ownership, common stock typically carries voting rights that can be exercised in corporate decisions. Preferred stock differs from common stock in that it typically does not carry voting rights but is legally entitled to receive a certain level of dividend payments before any dividends can be issued to other shareholders. An investor who buys stock is buying an ownership share of the company.

- **Fixed Income Instruments (Corporate or Governmental Bonds, Commercial Paper, Certificates of Deposit)**

Fixed Income Securities are bonds, notes, warrants, certificates of participation or other obligations that represent loans made by investors (bond owners) to borrowers (typically corporate or governmental) that specify the details of the loans, including the end date when the principal of the loans is due to be paid to

investors and usually the terms for variable or fixed interest payments made by the borrower. Fixed Income Securities are used by companies, municipalities, states, and sovereign governments to finance projects and operations. Owners of Fixed Income Securities are debtholders, or creditors, of the issuer. Investors who buy a corporate bond are lending money to the issuers. Fixed Income Securities add stability and income to portfolios while providing limited protection against extreme economic environments such as a depression or uncontrolled inflation and are subject to interest rate risk.

- **Municipal Bonds**

Fixed Income Securities issued by a state or local government or their agencies or authorities (such as cities, towns, villages, counties or special districts or authorities). A prime feature of most municipal securities is that interest or other investment earnings on them are generally excluded from gross income of the bondholder for federal income tax purposes. Some municipal securities are subject to federal income tax, although the issuers or bondholders may receive other federal tax advantages for certain types of taxable municipal securities. Some examples include Build America Bonds, municipal fund securities and direct pay subsidy bonds.

- **US Government Bonds**

U.S. government (federal) Fixed Income Securities include bonds issued by the U.S. Treasury and by U.S. government agencies and instrumentalities.

- **Corporate Bonds**

Fixed Income Securities issued by a company.

- **Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

- **Master Limited Partnerships**

Generally, master limited partnerships (MLPs) are exchange-traded investments that are focused on exploration, development, mining, processing, or transportation of minerals or natural resources. MLPs hold cash-generating assets such as oil and gas properties or pipelines. MLPs have certain characteristics that can make them attractive to some investors, including partnership tax consequences, limited liability to investors for the MLP's debts, and anticipated consistent distributions of cash.

- **Private Placements**

Under the Securities Act of 1933, any offer to sell securities must either be registered with the SEC or meet an exemption. Issuers and broker-dealers most commonly conduct private placements under Regulation D of the Securities Act of 1933 (Rules 504, 505 or 506), but there also are other exemptions than those allowed by Reg D. A securities offering exempt from registration with the SEC is sometimes referred to as a private placement or an unregistered offering. No public or other market to buy or sell such private placement securities is available or may ever develop in the future. Private and public companies engage in private placements to raise funds from investors. Hedge funds and other private funds also engage in private placements.

The securities involved may be, among other things, common or preferred stock, limited partnerships interests, a membership interest in a limited liability company, or an investment product such as a note or bond.

- **Mutual Funds (Open-End)**

A mutual fund is a company that brings together money from many people and invests it in stocks, bonds or other assets. The combined holdings of stocks, bonds or other assets the fund owns are known as its portfolio. Each investor in the fund owns shares, which represent a part of these holdings.

- **Closed-end Funds**

A closed-end fund is a collective investment model based on issuing a fixed number of shares which are not redeemable from the fund. Unlike open-end funds, new shares in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can be purchased and sold only on the securities exchange where it maintains a listing. In the United States, closed-end funds sold publicly must be registered under both the Securities Act of 1933 and the Investment Company Act of 1940.

- **Interval Funds**

An interval fund is a type of investment company model that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund. Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value. Many alternative funds are structured as interval funds. The periodic repurchases allow the fund to better manage the cash distributions needed while investing in alternative asset classes that are less liquid or may not trade actively in secondary markets. The limitations related to periodic repurchase offers for interval funds cause increased liquidity risk compared to traditional open-end or closed-end funds.

- **Exchange Traded Funds (ETFs)**

Exchange-traded funds (ETFs) are SEC-registered investment companies that offer investors a way to pool their money in a fund that invests in stocks, bonds, or other assets. In return, investors receive an interest in the fund. Most ETFs are professionally managed by SEC-registered investment advisers. Some ETFs are passively-managed funds that seek to achieve the same return as a particular market index (often called index funds), while others are actively managed funds that buy or sell investments consistent with a stated investment objective.

ETFs are not mutual funds. Open-end mutual funds can only be purchased or redeemed at the end of each trading day at its NAV per share, whereas ETFs provide the ability to trade throughout the day on a national securities exchange at market prices. Some examples of ETFs are SPDRs®, Powershares® and iShares®.

- **Variable Annuities**

A variable annuity is a contract between a person and an insurance company, under which a person makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to such person beginning immediately or at some future date. Generally, a person can choose to invest such person's purchase payments in a fixed account or a range of variable investment options, which are structured similarly to mutual funds. The value of an account in a variable annuity will vary, depending on the performance of the investment options selected.

Variable annuities often also offer many features including:

- tax deferral on earnings;
- a death benefit; and
- the option of receiving a stream of periodic payments for either a definite or indefinite period.

Variable annuities also often offer optional living benefit features that provide certain protections for payouts, withdrawals or account values, against the effect of investment losses and/or unexpected longevity.



- **Options on Securities**

Options are contracts giving the owner the right to buy or sell an underlying asset, at a fixed price, on or before a specified future date. Options are derivatives (they derive their value from their underlying assets). The underlying assets can include, among other things, stocks, stock indexes, exchange traded funds, fixed income products, foreign currencies, or commodities. Option contracts trade in various securities marketplaces between a variety of market participants, including institutional investors, professional traders, and individual investors. Options trades can be for a single contract or for several contracts.

- **Real Estate**

Real estate can be accessed through traditional means, such as direct ownership or indirect ownership through stock in private or publicly-traded companies, including real estate investment trusts (REITs), mutual funds, ETFs or through alternative investments in managers who invest opportunistically in private real estate and trade less mainstream real estate-related securities.

- **Digital Assets**

Digital assets are anything that exists in binary data which is self-contained, uniquely identifiable, and has a value or ability to use. When the term originated in the mid-90s, digital assets were items such as videos, images, audio, and documentation. Since then, technological advances have given the term new life. The term "digital asset," includes, but is not limited to, an asset that is issued and transferred using distributed ledger or blockchain technology, including, but not limited to, so-called "virtual currencies," "coins," and "tokens." At this time, StrategIQ does not recommend digital assets. As certain securities that include digital assets continue to evolve, such as ETFs or mutual funds, StrategIQ may, after completion of appropriate due diligence, introduce digital assets into StrategIQ strategies.

## **(2) Investment Management Services**

StrategIQ provides investment supervisory or investment management services ("**Investment Management Services**") with respect to those accounts of a StrategIQ client for which StrategIQ is engaged to provide Investment Management Services pursuant to an investment advisory service agreement between StrategIQ and such StrategIQ client ("**Investment Advisory Agreement**") and which are held at custodians with whom StrategIQ has a services agreement (the assets in such accounts being referred to as "**Assets Under Management**").

Assets Under Management and Assets Under Advisement (the latter being defined in the following paragraph) are sometimes referred to individually or collectively in this Brochure as "**Assets**".

## **(3) Advisement Services**

StrategIQ provides investment analysis of, and allocation recommendations with respect to, ("**Advisement Services**") those accounts of a StrategIQ client for which StrategIQ is engaged to provide Advisement Services pursuant to an Investment Advisory Agreement and which typically are held at custodians other than custodians with whom StrategIQ has a services agreement (the assets in such accounts being referred to as "**Assets Under Advisement**"). Such services typically do not include, and StrategIQ is not responsible for, arranging or effecting the purchase or sale of Assets Under Advisement. Also, StrategIQ does not typically have trading authority for Assets Under Advisement. StrategIQ's service relative to Assets Under Advisement is limited to investment analysis and allocation recommendation services and related advice.

As such, with respect to any StrategIQ client with Assets Under Advisement held with custodians other than custodians with whom StrategIQ has a services agreement, it is the StrategIQ client (and/or, if applicable, an investment professional other than StrategIQ which such StrategIQ client has engaged as investment advisor with trading authority with respect to any of the Assets Under Advisement), and not StrategIQ, that is exclusively responsible for directly implementing any recommendations relative to the Assets Under Advisement.

In the event that any StrategIQ client desires that StrategIQ provide discretionary investment advisory services (whereby StrategIQ would have trading authority) with respect to any portion of any Assets Under Advisement, the StrategIQ client and StrategIQ must expressly agree, pursuant to an amendment of the Investment Advisory Agreement, that such portion of any Assets Under Advisement shall become Assets Under Management, which may require the transfer of any such portion of any Assets Under Advisement to a custodian that has a services agreement in place with StrategIQ.

#### **(4) Discretionary vs. Nondiscretionary Investment Management Services**

##### **Discretionary:**

StrategIQ provides investment advisory services on a discretionary basis only with respect to Assets Under Management (and not Assets Under Advisement). StrategIQ designs, develops and uses proprietary portfolio strategies and custom investment management portfolios for StrategIQ clients, in each case, on a discretionary basis. Investment decisions are based on factors such as a StrategIQ client's investment objective, risk tolerance, net worth, net income, age, investment time horizon, income and liquidity considerations, tax considerations, limitations on investment holdings, and other suitable factors. Sources of information used to develop investment recommendations include StrategIQ client questionnaire(s) and interview(s), review of StrategIQ client's current portfolio, client's personal financial plan, analysis of historical risk/return characteristics of various asset classes, analysis of the long-term outlook for global financial markets and analysis of the long-term global economic and political environments. Discretionary actions of StrategIQ include the selection of securities to be bought or sold, the amount of securities to be bought or sold, the timing as to when such securities are to be bought or sold, the broker-dealer or custodian to be used and the engagement or the termination of advisors or sub-advisors. Specific discretionary authority is set forth in the Investment Advisory Agreement.

##### **Non-Discretionary:**

In limited circumstances, StrategIQ provides investment advisory services on a non-discretionary basis. In such cases, StrategIQ provides investment recommendations to StrategIQ clients with respect to their Assets Under Management, as described in the applicable Investment Advisory Agreement. If a recommendation from StrategIQ to a StrategIQ client relating to Assets Under Management is approved/authorized by such StrategIQ client, StrategIQ will facilitate the execution of such recommendations, using its discretion as to the timing of the transaction or the setting of limit prices related to such recommendations.

While StrategIQ is solely responsible for designing, monitoring, and rebalancing its investment strategies as necessary with respect to most securities, including alternative investments, certain alternative investments, including private placement investments, often requiring the delivery to StrategIQ clients of private placement or offering memoranda and the signature by StrategIQ clients of subscription agreements or similar documentation, cannot be purchased or sold by StrategIQ without the written consent of StrategIQ clients. In other words, with respect to such certain alternative investments, StrategIQ does not have the discretion to buy and sell.

#### **(5) Incidental Services and Additional Services**

Certain services provided by StrategIQ are incidental to the Investment Management Services and Advisement Services that StrategIQ provides under an Investment Advisory Agreement, while others are additional services that require an additional agreement (which may be in the form of an appendix to the Investment Advisory Agreement).

The following services are incidental services provided to StrategIQ clients under an Investment Advisory Agreement: (i) limited financial planning services incidental to Assets that do not require any integrated planning or any substantial research on the part of StrategIQ, including Adviser's responses to a StrategIQ client's financial planning questions of narrow scope or StrategIQ's limited financial planning analysis, (ii) limited investment analysis or allocation recommendation services incidental to securities, cash or cash equivalents, or other financial, investment or insurance instruments, or related contracts, in each case, of a StrategIQ client, other than Assets Under Management or Assets Under Advisement, which such StrategIQ client has expressly identified to Adviser ("**Assets Under Review**") that do not require any research on the part of StrategIQ, including StrategIQ's responses to a StrategIQ client's investment advisory questions of narrow scope or StrategIQ's limited investment analysis or

allocation recommendations, or (iii) the evaluation of Assets Under Review for the informational purpose of gaining a more comprehensive perspective of a StrategIQ client's financial situation.

Financial planning services that are not incidental services are provided pursuant to a financial planning services agreement (which may be in the form of an appendix to the Investment Advisory Agreement) ("**Financial Planning Agreement**") and may be subject to a fee in addition to the fee paid for Investment Management Services or Advisement Services. These financial planning services may involve consultation, comprehensive or issue-based analysis or recommendations in any of the six areas of financial planning - 1) financial position, 2) protection planning, 3) investment planning, 4) tax planning, 5) retirement planning, or 6) estate planning. The scope of StrategIQ's financial planning services also extends to additional areas, such as divorce planning or business planning. StrategIQ also may provide financial data aggregation services. Upon StrategIQ's engagement by a StrategIQ client to prepare a financial plan pursuant to a Financial Planning Agreement, StrategIQ will review the portion of the present financial situation of such StrategIQ client relevant to the engagement and, based on the stated objectives and needs of such StrategIQ client, provide a written report containing an analysis and recommendations.

StrategIQ will not be responsible for undertaking the implementation of any recommendations made by StrategIQ in connection with its financial planning services, unless engaged and expressly instructed to do so by a StrategIQ client. StrategIQ makes available to StrategIQ clients a subscription ("*Subscription*") to a third-party web-based wealth management financial information service ("*Wealth Management Service*") that provides a real-time, on-demand, interactive financial experience through a Client accessible portal ("*Wealth Management Portal*"). The Wealth Management Service includes Automatic Account Information Aggregation Service, Additional Manually Entered Information, Simplified Budgeting, Efficiencies, Reports, Collaboration, Online Vault and Mobile Access. The powerful interactive financial planning tools of the Wealth Management Service allow StrategIQ clients with a Subscription to access up-to-date information with respect to many of their financial investments and to generate multiple reports, some providing historical information and others projections. StrategIQ clients that use the Wealth Management Service experience many benefits, including substantial savings of time from not needing to manually update lots of information and the simplification of understanding large quantities of interrelated data thanks to the logical arrangement and visually appealing presentation of such data in the form of reports. For example, the Wealth Management Service is able to create helpful projections of the long term value of Assets Under Management, Assets Under Advisement or Assets Under Review by applying assumptions with respect to inflation, earning rates and tax rates.

## **(6) Retirement Plan Consulting Services**

StrategIQ offers retirement plan consulting services to various types of retirement plans, which may include profit sharing plans, employee stock ownership plans, 401(k) plans and others. Collectively, StrategIQ considers these types of plans as a specific segment of StrategIQ clients and refers to these types of StrategIQ client as "StrategIQ retirement plan clients".

StrategIQ gathers and review extensive information regarding each StrategIQ retirement plan client on an individualized basis, including the objectives and needs of each StrategIQ retirement plan client. StrategIQ's retirement plan consulting services generally include plan feasibility, plan design, and/or plan review.

The scope of StrategIQ's retirement plan consulting services can be narrow or broad, depending on the terms of the specific engagement of StrategIQ pursuant to the applicable StrategIQ retirement plan Investment Advisory Agreement. The following describes some of the services that StrategIQ is able to offer as part of its retirement plan consulting services.

- **Preparation of Investment Policy Statement ("IPS")**

StrategIQ may meet with a StrategIQ retirement plan client to determine the relevant plan's investment needs and goals. If required by the StrategIQ retirement plan client, StrategIQ will then prepare a written IPS stating those needs and goals and encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of the plan's investment options/vehicles and the procedures and timing interval for monitoring of investment performance.

- **Recommendation of Investment Options**

StrategIQ will review various investments, consisting predominantly of mutual funds (both index and managed) to determine which of these investments are appropriate to implement the IPS of the StrategIQ retirement plan client. Upon the completion of StrategIQ's review process, StrategIQ will recommend to the StrategIQ retirement plan client a specific number and type of investment options for inclusion in the plan's investment options.

- **Monitoring of Investment Performance**

A plan's investment options will be monitored continuously based on the procedures and timing intervals delineated in the IPS or as otherwise set forth by the StrategIQ retirement plan client. StrategIQ will supervise the plan portfolio and will make recommendations to the StrategIQ retirement plan client as market factors and the plan's needs dictate.

- **Plan Performance Reporting**

In conjunction with StrategIQ's monitoring activities, StrategIQ may also provide periodic reports regarding the performance of a pension plan and its underlying investment options. Such reports may include analysis from both StrategIQ as well as outside parties engaged by StrategIQ to provide additional analysis in regard to such plans. Such outside parties would be engaged exclusively by StrategIQ and not by a StrategIQ retirement plan client.

- **Employee Communications**

For StrategIQ retirement plan clients whose plans offer plan participants the ability to self-direct their own investments, StrategIQ may also provide educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by StrategIQ in conjunction with the StrategIQ retirement plan client under the appropriate ERISA guidelines. The educational support and investment workshops will not be designed so as to provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

- **Advice to Participants**

Unless separately engaged to do so by a plan participant, StrategIQ will not provide individualized advice to such plan participant, monitor a plan participant's situation or otherwise supervise or consult on the ongoing management of a participant's assets within the plan or otherwise. Upon a plan participant's separate engagement of StrategIQ as his or her investment adviser, StrategIQ will provide individualized advice to such plan participant per the terms of the applicable financial planning or investment advisory agreement.

- **Co-Fiduciary Relationship**

For certain plans that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), StrategIQ will act as a 'fiduciary' as defined in ERISA.

## **IV(C) Client Tailored Services and Client-Imposed Restrictions**

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StrategIQ endeavors to tailor its advisory services to meet the specific needs of each and every StrategIQ client. In order to determine a suitable course of action for an individual StrategIQ client, StrategIQ performs a review of such StrategIQ client's financial circumstances and other factors that may influence the investment recommendations StrategIQ may make to such StrategIQ client from time to time. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a StrategIQ client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a StrategIQ client's particular circumstances.

In making investment recommendations to StrategIQ clients, StrategIQ relies on data gathering documents or questionnaires completed by StrategIQ clients or completed by StrategIQ based on information provided by StrategIQ clients, as well as other documentation received from StrategIQ clients.

In certain instances, StrategIQ clients may impose restrictions or other conditions with regard to how StrategIQ provides its advisory services. If StrategIQ agrees to such restrictions and/or conditions, those restrictions and/or conditions that StrategIQ clients impose on StrategIQ's investment management functions may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and StrategIQ clients should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to such StrategIQ clients.

## **IV(D) Wrap Fee Programs**

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StrategIQ's investment advisory services do not involve the use of wrap programs.

## **IV(E) StrategIQ Clients Regulatory Assets Under Management ("AUM")**

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AUM (discretionary):	\$708,500,040
AUM (non-discretionary):	\$39,713,435
Total AUM:	\$ 748,263,475
Date of AUM calculation:	December 31, 2020

## **IV(F) StrategIQ Clients Assets Under Advisement ("AUA")**

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StrategIQ also provides investment analysis services with respect to \$152,300,000 of AUA (value as of December 31, 2020).

## **IV(G) Miscellaneous**

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### **(1) Electronic Delivery of Documents**

StrategIQ communicates information to StrategIQ clients electronically through access to StrategIQ's internet based client portal, as this procedure generally is deemed more secure than communicating by means of email. This may include a StrategIQ client's quarter-annual invoice detailing the calculation of fees, any notices, and other communications or disclosures, including StrategIQ's annual offer of the Form ADV Part 2A and 2B (StrategIQ's Brochure and Brochure Supplement). StrategIQ clients must provide a valid email address and register with StrategIQ's internet based client portal for this purpose.

### **(2) ERISA / IRC Fiduciary Acknowledgment**

If a StrategIQ client is: (i) a retirement plan ("**Plan**") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("**IRA**") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then StrategIQ represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by StrategIQ or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

### **(3) Retirement Plan Rollovers – No Obligation/Potential for Conflict of Interest**

Any current or prospective StrategIQ client leaving an employer typically has four options regarding an existing retirement plan (and can engage in a combination of these options):

- i) leave the money in his former employer's plan, if permitted,
- ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted,

- iii) rollover to an IRA, or
- iv) cash out the account value (which could, depending upon the StrategIQ client's age, result in adverse tax consequences).

If StrategIQ recommends that a StrategIQ client roll over such StrategIQ client's retirement plan assets into an account to be managed by StrategIQ, such a recommendation creates a conflict of interest if StrategIQ will earn an advisory fee on the rolled over assets.

In contrast, a recommendation that a StrategIQ client or prospective StrategIQ client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to StrategIQ (unless the account maintained at the employer is an Asset Under Advisement with respect to which StrategIQ provides investment analysis and recommendation services). StrategIQ has an economic incentive to encourage an investor to roll plan assets into an IRA that StrategIQ will manage or to engage StrategIQ to provide investment analysis and recommendation services with respect to an Assets Under Advisement account maintained at such investor's employer. There are various factors that StrategIQ considers before recommending a rollover, including but not limited to:

- i) the investment options available in the plan versus the investment options available in an IRA,
- ii) fees and expenses in the plan versus the fees and expenses in an IRA,
- iii) the services and responsiveness of the plan's investment professionals versus StrategIQ,
- iv) protection of assets from creditors and legal judgments, required minimum distributions, beneficiary options, and age considerations, and
- vi) employer stock tax consequences, if any.

To the extent that StrategIQ recommends that StrategIQ clients roll over assets from their retirement plans to IRAs managed by StrategIQ, StrategIQ represents that it and its investment adviser representatives are fiduciaries under ERISA, or the Internal Revenue Code, or both.

No StrategIQ client is under any obligation to rollover retirement plan assets to an account managed by StrategIQ. SFG's Chief Compliance Officer, Markus R.F. Sleuwen, JD, remains available to address any questions that any current or prospective SFG client may have regarding the potential for a conflict of interest presented by any such rollover recommendation.

#### **(4) ByAllAccounts**

StrategIQ, in conjunction with the services provided by ByAllAccounts, Inc., provides periodic reporting services with respect to investment assets of a StrategIQ client other than Assets Under Management, including Assets Under Advisement.

#### **(5) Use of Mutual Funds (including Interval Funds)**

Most mutual funds are available directly to the public. Thus, a prospective or existing StrategIQ client can invest in many of the mutual funds that are recommended and/or utilized by StrategIQ without the assistance of StrategIQ. Investments in mutual funds handled directly by a prospective or existing StrategIQ client are not Assets Under Management and, unless StrategIQ and such prospective or existing StrategIQ client expressly agree that such investments are Assets Under Advisement, those mutual fund investments handled directly by a prospective or existing StrategIQ client also will not be Assets Under Advisement. Only Assets Under Management and Assets Under Advisement are subject to StrategIQ's Investment Management Services and Advisement Services, respectively.

In addition to these publicly-available mutual funds, Assets Under Management may include (i) institutional level classes of mutual funds, which are not normally available to the retail consumer and generally only available through registered investment advisers, and (ii) other funds, including interval funds, which may only be available through certain advisers or custodians. Thus, if a StrategIQ client terminates StrategIQ's services, restrictions regarding transferability and/or additional purchases of, or reallocation among, certain funds or interval funds, may apply.

Institutional level classes of some mutual funds may charge lower internal expenses than similar retail classes of such funds.

#### **(6) Electronic Confirmations / Account Statements**

Certain custodians offer reduced transaction fee charges on certain types of transactions to clients who elect to receive trade confirmations and account statements electronically rather than by regular mail. StrategIQ clients are advised to communicate to StrategIQ their preferences regarding the method of custodian information delivery to minimize transaction fee charges.

## **Item V. Fees and Compensation**

### **V(A) Methods of Compensation and Fee Schedule**

#### **(1) Adviser Fee for Investment Management Services and Advisement Services**

StrategIQ's fee for ongoing Investment Management Services and Advisement Services to a particular StrategIQ client ("**Adviser Fee**") is calculated as follows. Relevant details relating to the calculation of the Adviser Fee are set forth in a fee schedule appendix to the Investment Advisory Agreement ("**Fee Schedule**"). The Adviser Fee applicable to any StrategIQ client is subject to change upon StrategIQ's written notice thereof to such StrategIQ client.

#### **(a) Percentage Based Adviser Fee**

##### **(i) Declining Marginal Percentages Base Adviser Fee plus Strategies Group Adviser Fee**

Certain new StrategIQ clients are billed an Adviser Fee, subject to any applicable minimum, that is the sum of a Base Adviser Fee with respect to Assets Under Management and, if applicable, Assets Under Advisement, plus a Strategies Group Adviser Fee with respect to Assets Under Management.

The declining marginal percentages applicable to the Base Adviser Fee range from 0.25% to 1.0% of billable Assets per year.

The percentages applicable to each Strategies Group Adviser Fee range from 0.25% to 0.50% of billable Assets per year.

The sum of the Base Adviser Fee plus Strategies Group Adviser Fee ranges from 0.50% to 1.50% of billable Assets per year.

#### **Base Adviser Fee Formula:**

Value of all billable accounts per marginal value range x 1/4 of applicable declining marginal annual fee percentage  
(subject to cash flow adjustment when cash flows and balances download electronically)

#### **Base Adviser Description:**

StrategIQ's percentage based Base Adviser Fee with respect to each quarterly period is payable in advance and is equal to (i) the product of each portion of the aggregate value of all billable accounts that falls within one of the marginal value ranges of the Base Adviser Fee Schedule (as of the last day of the preceding Period) times one quarter of the declining marginal annual fee percentage corresponding to such portion according to such schedule ("**Fee Percentage**"), and (ii) the product of each positive or negative value of any cash flow during the preceding quarterly period into or out of any billable account, respectively, times one quarter of the applicable declining marginal annual fee percentage of such schedule (proration being applied based on the timing of each cash flow).

If cash flows or balances with respect to any billable account do not download electronically into StrategIQ's integrated investment portfolio management application, the preceding paragraph does not

apply. Instead, StrategIQ's percentage based Base Adviser Fee with respect to each quarterly period, payable in advance, is equal to the product of the latest value of such billable account, as stated on the last statement received by Adviser from Client or any third party custodian with respect to such billable account or as downloaded electronically, times one quarter of the applicable declining marginal annual fee percentage of such Base Adviser Fee Schedule.

**Strategies Group Adviser Fee Formula:**

Value of all billable accounts per Strategies Group x 1/4 of applicable annual fee percentage (subject to cash flow adjustment when cash flows and balances download electronically)

**Strategies Group Adviser Fee Description:**

StrategIQ's percentage based Base Adviser Fee with respect to each quarterly period is payable in advance and is equal to the sum of (i), with respect to all billable accounts that are in the same Strategies Group, the product of the value of such accounts times one quarter of the annual fee percentage of the Strategies Group Fee Schedule corresponding to such Strategies Group, plus (ii) the product of each positive or negative value of any cash flow during the preceding period into or out of any billable account, times one quarter of the annual fee percentage of such schedule corresponding to the Strategies Group applicable to such billable account (proration being applied based on the timing of each cash flow).

**(ii) Flat Percentage Adviser Fee**

Certain new StrategIQ clients are billed an Adviser Fee, subject to any applicable minimum, that is based on a flat percentage with respect to all of their Assets Under Management and, if applicable, Assets Under Advisement. These StrategIQ clients are not billed a separate Strategies Group Adviser Fee with respect to any Assets Under Management that they may have in any Strategies Group.

The percentages applicable to the Flat Percentage Adviser Fee (except for retirement plans) range from 0.50% to 2.00% of applicable Assets per year. (For retirement plan consulting, please refer to the section in Item V(A)(1) relating to Fees for Retirement Plan Consulting Services.)

**Adviser Fee Formula:**

Value of all billable accounts x 1/4 of applicable flat percentage (subject to cash flow adjustment when cash flows and balances download electronically)

**Adviser Fee Description:**

StrategIQ's percentage based Adviser Fee with respect to each quarterly period, payable in advance, is equal to the sum of (i) the product of the aggregate value of all billable accounts times one quarter of the annual flat percentage of the Flat Percentage Adviser Fee Schedule, plus (ii) the product of each positive or negative value of any cash flow during the preceding period into or out of any billable account that is in a Strategies Group, respectively (in each case, for each Strategies Group), times one quarter of the annual flat percentage of such schedule (proration being applied based on the timing of each cash flow).

If cash flows or balances with respect to any billable account do not download electronically into StrategIQ's integrated investment portfolio management application, notwithstanding the preceding paragraph, StrategIQ's percentage based Adviser Fee applicable to such billable account with respect to each quarterly period, payable in advance, is equal to the product of the value of such billable account, as stated on the last statement received by Adviser from Client or any third party custodian with respect to such billable account or as downloaded electronically, times one quarter of the annual flat percentage.

**(b) Negotiated Dollar Fixed Adviser Fee**

Certain new StrategIQ clients are billed a fixed fee Adviser Fee. The amount of the fixed fee Adviser Fee is subject to negotiation and agreement between StrategIQ and each applicable StrategIQ client.



### **(c) Other Adviser Fee Types**

Certain new StrategIQ clients may be billed an Adviser Fee that is a combination of two or more of the Adviser Fees described above. For example, the sum of (i) a fixed fee Adviser Fee plus (ii) a Strategies Group Adviser Fee on the value of billable Assets Under Management.

### **(d) General Adviser Fee Related Terms**

Generally, any Adviser Fee payable by a StrategIQ client to StrategIQ will, upon a qualified custodian's receipt of a payment request therefor from StrategIQ, be deducted by such qualified custodian from one or more accounts of such StrategIQ client at such qualified custodian and paid by such qualified custodian to StrategIQ. This qualified custodian deduction and payment procedure is expressly authorized in the Investment Advisory Agreement. Often, this qualified custodian deduction and payment procedure also is subject to a separate signed authorization or instruction from a StrategIQ client to a qualified custodian. A StrategIQ client's authorized qualified custodian deduction and payment procedure remains valid until StrategIQ and/or the applicable qualified custodian receives a written revocation of such authorization from such StrategIQ client. Each StrategIQ client with an account at a qualified custodian can expect to receive from such qualified custodian, at least quarterly, a statement indicating the amounts disbursed from any such account and any Adviser Fee paid from any such account.

In certain situations, at StrategIQ's sole discretion, the Adviser Fee payable by a StrategIQ client to StrategIQ that is calculated with respect to certain Assets Under Management held at one custodian may be deducted from Assets Under Management held at another custodian. Also, in exceptional circumstances, subject to StrategIQ's express advance written consent, the Adviser Fee may be paid to StrategIQ directly by such StrategIQ client instead of by a qualified custodian through a deduction from Assets Under Management.

The Adviser Fee generally will be invoiced by the fifth business day of the month following the most recently ended billing period. If any Adviser Fee applicable to a StrategIQ client is not paid by a qualified custodian upon a qualified custodian's receipt of a payment request therefor from StrategIQ, such StrategIQ client is obligated to make payment of the Adviser Fee promptly upon such StrategIQ client's receipt of a written invoice therefor. If payment of the Adviser Fee is set up via credit card, the Adviser Fee generally will be charged on or before the 15th of the month following the most recently ended billing period.

The Investment Advisory Agreement may be terminated at any time upon written notice by either party to the other. Each StrategIQ client will incur a pro rata charge for investment management services or investment analysis services rendered prior to the termination of the Investment Advisory Agreement, which means StrategIQ clients will incur an Adviser Fee only in proportion to the number of days in the billing period for which StrategIQ clients are clients of StrategIQ. If an Adviser Fee is paid by a StrategIQ client to StrategIQ in advance with respect to a particular period and the effective time of termination of the Investment Advisory Agreement is prior to the expiration of such period, such StrategIQ client will receive a pro-rated refund of such Adviser Fee based on the days in such period from the effective time of termination of the Investment Advisory Agreement through the expiration of such period. Refunds of Adviser Fees pursuant to the preceding sentence are paid by StrategIQ as soon as reasonably possible but not sooner than ten (10) business days after the receipt of the notice of termination of the Investment Advisory Agreement by the non-terminating party.

### **(2) Fees for Financial Planning for StrategIQ Clients with or without Assets Under Management or Assets Under Advisement**

The financial planning services provided by StrategIQ to a StrategIQ client pursuant to a Financial Planning Agreement may be subject to such StrategIQ client's payment of a financial planning fee ("**Financial Planning Fee**"). The Financial Planning Fee is set by StrategIQ based on the size, scope, and nature of each individual project, is determined prior to the commencement of the engagement and is expressly stated in the Financial Planning Agreement.

The Financial Planning Agreement also states the list fee for the financial planning services provided thereunder. Such list fee ranges from \$1,500 to \$10,000. The Financial Planning Fee may be lower than the list fee.

The Financial Planning Fee is billed either in full, in advance, or 50% in advance and 50% upon completion of the financial planning services. The engagement to provide financial planning services to a StrategIQ client will end at

the time of StrategIQ's completion and delivery of the financial planning services. If completion of the project is delayed (beyond 90 days) because requested information has not been provided, StrategIQ retains the right to progress bill for work that has been performed to date and is not covered by the portion of the Financial Planning Fee already received. If, upon termination of the financial planning services engagement, the Financial Planning Agreement requires the payment of a refund, StrategIQ will refund to StrategIQ client, as soon as reasonably possible, such portion of the Financial Planning Fee which StrategIQ determines is reasonable in light of the time dedicated by StrategIQ to administrative, financial planning or investment advisory tasks in connection with the provision of the financial planning services through the effective date of termination of the engagement.

### **(3) Subscription Fees**

StrategIQ clients that subscribe to the Wealth Management Service may be charged an annual subscription fee up to \$1,800.

### **(4) Fees for Retirement Plan Consulting Services**

Fees for retirement plan consulting, investment advisory, fiduciary, and participant education services generally are calculated based on the value of the plan assets and a specific annualized percentage factor. The specific annualized percentage factor applicable to the Adviser Fees for retirement plan consulting services and the length of the applicable billing period is as set forth in the applicable StrategIQ retirement plan Investment Advisory Agreement. The Adviser Fees for retirement plan consulting services may be calculated and deducted from Assets, in arrears or in advance, on a calendar year quarterly or annual basis.

The percentages applicable to Retirement Plan Consulting Services for new StrategIQ clients range from 0.10% to 1.00% (subject to V(A)(5) below) of applicable Assets in the retirement plan per year (with respect to certain retirement plans, including solo 401 (k), the maximum annual percentage may be as high as 1.5%).

Minimum Adviser Fee for Retirement Plan Consulting Services: \$2,000 per year

The annualized percentage factor or the minimum applicable to the Adviser Fee for retirement plan consulting services is negotiable, in StrategIQ's sole discretion. In exceptional circumstances, at StrategIQ's sole discretion, the Adviser Fee for retirement plan consulting services may be a negotiated fixed dollar amount.

If the Adviser Fee for retirement plan consulting services applicable to a StrategIQ client is not paid by a qualified custodian or third party administrator upon a qualified custodian or third party administrator's receipt of a payment request therefor from StrategIQ, such StrategIQ client is obligated to make payment of the fees for retirement plan consulting services promptly upon such StrategIQ client's receipt of a written invoice therefor.

### **(5) Fee Minimums**

StrategIQ clients may be subject to Adviser Fee minimums. The Adviser Fee minimums typically range from \$500 to \$20,000 per year. In certain cases, based on the nature and complexity of any new StrategIQ client situation, Adviser Fee minimums may exceed the upper limit of the above range. Some existing StrategIQ clients are subject to grandfathered Adviser Fee schedules without Adviser Fee minimums or with different Adviser Fee minimums than those set forth above. StrategIQ retains the right to waive or reduce any Adviser Fee minimum based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with StrategIQ client, etc.).

Adviser Fee minimums or negotiated fixed dollar Adviser Fee amounts may cause the average Adviser Fee percentage applicable to billable Assets to exceed the upper limit of the Adviser Fee percentage ranges set forth in Item V(A).

### **(6) Fee Differentials**

StrategIQ prices its services based upon objective and subjective factors, including the market value of the assets, the complexity of the engagement, and the level and scope of the overall services to be rendered. Also, Assets Under Management and/or Assets Under Advisement may be grouped by household or family for the purposes of calculating the Adviser Fee or applying Adviser Fee minimums. The Adviser Fee payable by any particular StrategIQ

client is negotiable at StrategIQ's sole discretion. Investment advisory services may be available from other investment advisers at lower fees than the Adviser Fee applicable to a particular StrategIQ client.

## **(7) Grandfathered Fee Schedules**

Many StrategIQ clients have and will continue to be grandfathered under fee schedules and/or agreements that existed at the time of StrategIQ's engagement by such StrategIQ clients. StrategIQ has grown, and expects to continue to grow, by acquisition of other advisory firms or hiring investment adviser representatives throughout the United States. Clients of the acquired firms or such hired investment adviser representatives could have fee schedules or other fee arrangements that differ from those described in Item V(A) of this Brochure. Upon StrategIQ's acquisition of an investment advisory firm or the hiring of investment adviser representatives, the StrategIQ clients that formerly were clients of such acquired firm or were serviced already by such hired investment adviser representative will sometimes maintain their pre-existing fee schedule subsequent to any such StrategIQ acquisition or hiring.

In some instances, the grandfathered fee schedule and/or agreement of a StrategIQ client may be changed at the beginning or during the investment advisory relationship with StrategIQ to a fee schedule or agreement other than the fee schedule or agreement set forth in Item V(A) of this Brochure. As a result, StrategIQ clients are subject to various different fee schedules and/or arrangements, with Adviser Fees that may be higher or lower than the Adviser Fee ranges for new StrategIQ clients set forth in Item V(A) of this Brochure. For example, instead of the fee schedules set forth in Item V(A) of this Brochure, the Adviser Fee (i) may be computed fully in arrears, (ii) may be on a periodic basis other than quarter annual, (iii) may be subject to minimums different than those set forth in Item V(A) above, or (iv) may be higher than the upper limit of the ranges set forth in Item V(A) for new StrategIQ clients. Any grandfathered fee schedule and/or arrangement applicable to a StrategIQ client is set forth in the applicable Investment Advisory Agreement. Any current or prospective StrategIQ client with any questions should contact StrategIQ's Chief Compliance Officer, Markus R.F. Sleuwen, JD.

## **V(B) Client Payment of Fees**

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Refer above to Item V(A)(1)(d).

## **V(C) Additional Client Fees Charged.**

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### **Fee of Exchange-Traded funds, Mutual funds, Other Investment Vehicles, Broker-Dealers, and Custodians**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, other investment vehicles, broker-dealers or custodians. Such fees and expenses are described in each exchange-traded fund or mutual fund's prospectuses, in agreements or disclosures relating to other investment vehicles, or in applications, agreements or terms and conditions of any broker-dealer or custodian retained by a StrategIQ client. StrategIQ clients are advised to read those materials carefully before investing. If a particular investment also imposes sales charges, a StrategIQ client could pay an initial or deferred sales charge as further described in the investment's prospectus, private placement memorandum or other offering material. A StrategIQ client could be precluded from using certain investments or separate account managers if they are not offered by the StrategIQ client's custodian.

StrategIQ does not share in any portion of fees and expenses charged to a StrategIQ client by exchange-traded funds, mutual funds, other investment vehicles, broker-dealers or custodians. Refer below to Item XII for additional information regarding broker-dealers or custodians.

### **Fees for Other Investment Adviser or Sub-Advisors**

Assets Under Management may be managed by an investment adviser or by a sub-advisor. The services provided by such other investment adviser or sub-advisors are subject to a fee separate and in addition to the Base Adviser Fee.

In certain instances, StrategIQ may recommend or select investment advisers or sub-advisors to provide specific investment management services related to the accounts of a StrategIQ client. StrategIQ clients should review the outside advisors' ADV Part 2A for a full description of such outside advisor's specific services and additional fees.

The fees of investment advisers or sub-advisors may be deducted from one or more accounts of such StrategIQ client at such qualified custodian and paid to the applicable person. This deduction and payment procedure by the qualified custodian may be expressly authorized in the Investment Advisory Agreement. Often, this qualified custodian deduction and payment procedure also is subject to a separate signed authorization or instruction from a StrategIQ client to a qualified custodian. An StrategIQ client's authorized qualified custodian deduction and payment procedure remains valid until StrategIQ and/or the applicable qualified custodian receives a written revocation of such authorization from such StrategIQ client. Each StrategIQ client with an account at a qualified custodian can expect to receive from such qualified custodian, at least quarterly, a statement indicating the amounts disbursed from any such account and any fee or charge paid from any such account.

## **V(D) Prepayment of Client Fees**

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Refer above to Item V(A)(1)(A) and below to Item XVIII(A).

## **V(E) External Compensation for the Sale of Securities to Clients**

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StrategIQ investment adviser representatives are compensated solely by StrategIQ with respect to the provision of investment advisory services. StrategIQ financial advisors are not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

## **Item VI. Performance-Based Fees and Side-By-Side Management**

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StrategIQ does not charge performance-based fees and therefore has no economic incentive to manage StrategIQ clients' portfolios in any way other than what is in their best interests.

## **Item VII. Types of Clients**

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StrategIQ will generally provide StrategIQ's services to the following types of StrategIQ clients.

- Individuals
- High net worth individuals
- Pension plans / profit sharing plans
- Foundations / endowments / charitable organizations
- Trusts for natural persons
- Estates for natural persons
- Business or corporate entities

Although StrategIQ provides investment services to the various types of StrategIQ clients mentioned, the asset management services are conditioned upon meeting certain minimum criteria established by StrategIQ for each of the investment programs it offers.

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions StrategIQ may impose, please refer to Item IV(B).

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

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### **VIII(A) Methods of Analysis and Investment Strategies**

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StrategIQ's investment committee is responsible for identifying and implementing the methods of analysis used by StrategIQ in formulating investment strategies and portfolios. In general, StrategIQ takes a structured, long-term approach to investing that is based on Modern Portfolio Theory.

StrategIQ uses a variety of sources of data to conduct its economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that StrategIQ clients should be prepared to bear. StrategIQ and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to StrategIQ clients. The methods of analysis usually include quantitative methods for optimizing StrategIQ client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria.

In addition, StrategIQ performs qualitative research and reviews research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. StrategIQ employees outside vendors or utilize third-party software, as needed, to assist in formulating investment recommendations to StrategIQ clients.

### **(1) Methods of Analysis**

StrategIQ and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to StrategIQ clients. StrategIQ employs the following methods of analysis. Each method of analysis below identifies certain related risks. Each key risk is described in Item VIII(B).

- **Rings of Risk™**

Rings of Risk® is a proprietary model to visualize the risk to reward trade-offs that investors face. Different instruments have different inherent risks associated with them. StrategIQ has developed a visual aid to illustrate relative risk in the market place and help in decision making to allocate risk within StrategIQ's investors' portfolios. The Rings of Risk® help StrategIQ to visualize where it is on the risk curve at any moment in time. StrategIQ may adjust allocations towards riskier securities in a situation where the world macro environment looks positive, and towards less risky securities when it looks negative. A third concept StrategIQ visualizes is 'risk to reward'. Most all investors would prefer to take on as little risk possible for the greatest amount of reward. In this case, risk can be viewed as losing money. There should be a relationship between the amounts of risk an investor is taking and the amount of reward garnered from that risk. Finally, StrategIQ's analysis also helps StrategIQ to identify investment opportunities. In general, the expectation is that higher risk investments should have a higher return than lower risk investments. So, when actual returns do not meet expectations, this may represent an opportunity. Determining the right allocation strategy is a complex process which has many factors impacting the outcome, but with the right tools, such as the Rings of Risk®, StrategIQ makes that process clearer for StrategIQ clients.

- **Charting / Technical / Historical**

The terms "charting" and "technical" and "historical" analysis are generally used synonymously and therefore, for the purpose of this document, StrategIQ will use the term, "technical analysis." In most cases, technical analysis involves the evaluation of historical market data such as price and volume statistics of a particular security or investment instrument, performance data or earnings data. Technical analysis often involves the use of charts, graphs, other tools to evaluate historical factors relating to the investment instrument and perhaps the performance of the instrument relative to the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Market Risk, Operational Risk, and Strategy Risk.

- **Fundamental**

Fundamental analysis is generally considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an

investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. For example, revenues, earnings, future growth, return on equity, profit margins, standard deviation, price to earnings and other data relating to a company's underlying value and potential for growth. Other examples include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Fundamental analysis also can include company/issuer-specific factors such as the company's/issuer's current financial condition, management experience and capabilities, legal/regulatory matters or the overall type and volume of current and expected business.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

- **Cyclical**

Cyclical analysis involves the evaluation of an investment instrument or perhaps its issuer for the purpose of identifying whether (and if so, to what extent) it/they may be impacted by fluctuations in the overall economic conditions throughout time. As an example, as more and more people lose their jobs, broad industries like housing or the automotive industries can be negatively impacted because consumers are less able to purchase things like homes and automobiles.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

## **(2) Individual Fixed Income Research**

StrategIQ maintains criteria regarding the maturity, quality, ability to call, discount/premium and taxation of individual fixed income investments it will acquire for StrategIQ clients. Fixed instruments used by StrategIQ are reviewed for consistency with quality and maturity policies. In determining credit quality of a fixed income issue, StrategIQ relies primarily on the ratings assigned to the issue by one or more ratings agencies, supplemented from time to time by such additional research as it deems necessary.

## **(3) Material Risks of Investment Instruments**

There is no single type of investment instrument that StrategIQ predominantly recommends. All investments carry some form and degree of risk, including risk of loss, and StrategIQ clients must be willing to bear such risks. Certain types of investments carry greater types and levels of risk than others and StrategIQ clients should make sure that StrategIQ clients fully understand not only the investment type itself, but also the attendant risk factors associated with such type.

- **Equity Securities (Publicly-Traded)**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, the company's ability to create shareholder value (i.e., increase the value of the company's stock price), exposure to government taxation, and domestic political risk. International securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk and regulatory risk.

- **Mutual Funds (Open-End)**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific

industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

- **Closed-End Funds**

The major risks of a closed end fund relate to general market risk, the underlying securities in the fund portfolio, future expectations of the performance of those underlying securities, the degree to which leverage is utilized, quality of the issuer's management, the issuer's ability to meet its contractual and operating obligations, and the overall credit risk of the issuer.

- **Interval Funds**

An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. As a result, such funds have significant liquidity constraints compared to closed-end and open-end funds which may not be appropriate for all investors.

- **Exchange Traded Funds (ETFs)**

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

- **US Government Securities**

U.S. government securities may be supported by the full faith and credit of the United States. The primary risk for these securities is interest risk and inflation risk.

- **Municipal Securities**

Municipal securities carry different risks than those of corporate government and bank sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but can be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled. In addition to interest rate risk and inflation risk, municipal bonds also have the potential risk of default.

- **Warrants and Rights**

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes valueless.

- **Fixed Income Instruments (Corporate or governmental debt instruments, Commercial paper, Certificates of deposit)**

Fixed income securities, including taxable and tax-exempt bonds, carry different risks than those of equity securities described above. These risks include the company's or the government's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders,

legal constraints and changes, jurisdictional risk (U.S or foreign), call and extension risk, and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

U.S. government treasury bills, commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuer, and the length of maturity. With respect to certificates of deposit, depending on the length of maturity, there can be prepayment penalties if the StrategIQ client needs to convert the certificate of deposit to cash prior to maturity.

- **Differing Classes of Securities.**

Different classes of securities have different rights as a creditor if the issuer files for bankruptcy or reorganization. For example, bondholders' rights generally are more favorable than shareholders' rights in a bankruptcy or reorganization.

- **Digital Assets.**

Digital assets offer a combination of characteristics that aren't available in other assets. They are governed differently, held differently, and present different risks than most other securities. Investing in digital assets involves both a high degree of risk and the potential for significant losses.

- **Alternative Investments.**

Alternative investments enhance overall diversification and can provide limited protection from unexpected inflation. Alternative asset classes may have risk and return characteristics that are a hybrid of equity and fixed income characteristics.

Certain alternative investments (generally those that are not both registered and publicly-traded) are only intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment and who carefully review and consider potential risks in connection with such investments. Such investments may be subject to multiple risks, including: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; lack of liquidity, in that there may be no secondary market for the fund and none expected to develop; volatility of returns; restrictions on transferring interests in the alternative investment, including only permitting withdrawals on a limited periodic basis upon significant written notice and restricting withdrawals through different mechanisms; potential lack of diversification and resulting higher risk due to concentration when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures, delays in tax reporting and other tax risks; less regulation and higher fees than mutual funds; adviser risk and indemnities, "clawbacks" or other restrictions that may require the return of capital previously distributed to any StrategIQ client or the payment of additional capital. Such alternative investments may also have higher fees (including multiple layers of fees) compared to other types of investments and may charge an asset-based fee as well as incentive fees based on net profits which may create an incentive for a manager to make investments which are riskier or more speculative than those which might have been made in the absence of such an incentive. Such alternative investments may not be limited in the markets in which they may invest, either by location or type, such as large capitalization, small capitalization or non-U.S. markets. Also, individual funds will have specific risks related to their investment programs that vary from fund to fund. For more details on these and other features and risks, clients or prospective StrategIQ clients should carefully read the documentation (including risk disclosures) relating to any such alternative investment. Investors in such alternative investments typically hold "interests" of the alternative investments (as opposed to a share of corporate stock) and may be technically partners in the alternative investments. Alternative investments structured to qualify for partnership tax treatment. Partnerships do not pay U.S. federal income tax at the partnership level. Rather, each partner of a partnership, in computing its U.S. federal income tax liability, must include its allocable share of the partnership's income, gains, losses, deductions, expenses and credits. A change in current tax law, or a change in the business of a given alternative investment, could result in an alternative investment being treated as a corporation for U.S. federal income tax purposes,



which would result in such alternative investment being required to pay U.S. federal income tax on its taxable income. The classification of such an alternative investment as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the alternative investment and could cause any such distributions received by an investor to be taxed as dividend income. Where an otherwise tax exempt account (such as an IRA, qualified retirement plan, charitable organization, or other tax exempt or deferred account) is invested in a pass through entity, the income from such entity may be subject to taxation, and additional tax filings may be required. Further, the tax advantages associated with these investments are generally not realized when held in a tax-deferred or tax exempt account. Any questions by any current or prospective SFG clients about the tax aspects of investing in any such alternative investments, including how an investment in alternative investments may affect their tax return or regarding federal, state, and local income tax implications of their investments, shall be directed by such current or prospective SFG clients to their respective tax advisors. Investors in such alternative investments will generally receive a Schedule K-1 for each such alternative investment. Investors will need to file each Schedule K-1 with their federal tax return. Also, investors in such alternative investments may be required to file state income tax returns in states where such alternative investments operate.

**Private placements, such as private equity or venture capital investments**, including, but not limited to, investments in managers, secondary transactions, and co-investments are often speculative, highly illiquid, involve a high degree of risk and have high fees and expenses that could reduce returns. Therefore, they are intended for long-term investors who can accept such risks. Also, restrictions on transferring interests in private equity or venture capital funds may exist, meaning that selling out of investments may be difficult, if not impossible, and that prospective investors should be prepared to retain their investments in the fund until the fund liquidates. Private equity or venture capital funds may borrow money or use leverage for a variety of purposes, which involves a high degree of risk including the risk that losses may be substantial. Finally, the possibility of partial or total loss of a private equity or venture capital fund's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss.

Generally speaking, private placements are not subject to some of the laws and regulations that are designed to protect investors, such as the comprehensive disclosure requirements that apply to registered offerings. Private placement memoranda typically are not reviewed by any regulator and may not present the investment and related risks in a balanced light. Although all issuers relying on a Regulation D exemption are required to file a document called a Form D (including brief information about the issuer, its management and promoters, and the offering itself) no later than 15 days after they first sell the securities in the offering, such Form D filing does **not** constitute registration. Form D filings can be searched on the SEC's website at [sec.gov/edgar/searchedgar/webusers.htm](http://sec.gov/edgar/searchedgar/webusers.htm).

**Real estate investments (REITs)** including, but not limited to, energy or infrastructure, involve a high degree of risk. Such risks include, but are not limited to, the financial conditions of tenants, changes in building, environmental, zoning and other laws, changes in real property tax rates, changes in interest rates and the availability or terms of debt financing, unavailability of or increased cost of certain types of insurance coverage, and other factors not within the control of the general partner, such as an outbreak or escalation of major hostilities or other substantial national or international calamities or emergencies. There can be no assurance that the appraised value of a real estate investment will be accurate or further, that the appraised value would in fact be realized on the eventual disposition of such investment. REITs have historically been able to diversify stocks and bonds while providing positive returns. They are also subject to legal constraints distinct from common stocks that dictate their sources of revenue (must derive at least 75% of their gross revenue from dividends, interest, rental agreements, and gains from sales of real property or other REITs) and dividend payments (are legally required to pay out at least 90% of their income as dividends to shareholders). Those traits may lead some to classify REITs as an alternative investment. Yet, REITs are still subject to the same risks as other businesses, and they have become more closely integrated with the broader market. So, the diversification benefits they have provided in the past may not hold up as well in the future. As publicly-traded companies, REITs are subject to the same economic and market risks as other publicly-traded firms.

**Mortgage-related and other asset-backed securities** are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them

more sensitive to changes in interest rates. As a result, in a period of rising interest rates, an investment in mortgage-backed securities may be subject to additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-backed securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected.

**Environmental, Social and Governance (“ESG”) strategies** may take risks or eliminate exposures found in other strategies or broad market benchmarks that may cause performance to diverge from the performance of these other strategies or market benchmarks. ESG strategies will be subject to the risks associated with their underlying investments’ asset classes. Further, the demand within certain markets or sectors that an ESG strategy targets may not develop as forecasted or may develop more slowly than anticipated.

**Foreign and emerging markets investments** may be more volatile and less liquid than investments in U.S. securities and are subject to the risks of currency fluctuations and adverse economic or political developments.

The **currency market** affords investors a substantial degree of leverage. This leverage presents the potential for substantial profits but also entails a high degree of risk including the risk that losses may be similarly substantial. Such transactions are considered suitable only for investors who are experienced in transactions of that kind. Currency fluctuations will also affect the value of an investment.

**Commodity investments** may be less liquid and more volatile than other investments. The risk of loss in trading commodities can be substantial because of, but not limited to, volatile political, market and economic conditions. An investor’s returns may change radically at any time since commodities are subject, by nature, to abrupt changes in price. Commodity prices are volatile because they respond to many unpredictable factors including weather, labor strikes, inflation, foreign exchange rates, etc. In an individual account, because an investor’s position is leveraged, a small move against the investor’s position may result in a large loss. Losses may be larger than an investor’s initial deposit.

Investments in **master limited partnerships (“MLPs”)** are subject to certain risks, including risks related to limited control and limited rights to vote (governance features that can favor management over other investors), potential conflicts of interest, cash flow risks, dilution risks, limited liquidity, risks related to the general partner’s right to force sales at undesirable times or prices and concentrated exposure to a single industry or commodity. Since most MLPs are clustered in the energy sector, they can therefore be sensitive to shifts in oil and gas prices.

#### **(4) Investment Strategies**

StrategIQ’s investment strategies are designed by StrategIQ’s investment committee. All of StrategIQ’s investment strategies are organized into three Strategies Groups: Focus Strategies (buy and hold long-term asset allocation strategies that seek returns through relatively static allocations to major assets, rebalancing overall asset allocations of each strategy from time to time, within applicable overall constraints, to take advantage of opportunities that StrategIQ identifies), Advantage Strategies (active portfolio management based strategies that tactically and proactively allocate assets, within defined constraints and a StrategIQ client’s risk profile, to asset classes that are deemed attractive, relative to other asset classes, based upon cyclical trends and statistical analysis of the markets using StrategIQ’s Rings of Risk®) and Institutional Strategies (customized investment strategies designed to address specific investment objectives, or needs, including all stocks, all bonds or combinations of Focus Strategies and Advantage Strategies). Assets Under Management of StrategIQ’s clients are allocated based on the investment objectives, risk tolerances, and personal stated objectives and needs of such StrategIQ client and may be allocated to (i) one or more strategies within one of the three groups of strategies or (ii) multiple strategies that are not all in the same group of strategies.

StrategIQ’s investment strategies use diverse methods to trade in the securities that comprise the StrategIQ clients’ Assets Under Management. Below is a list of some of them, including related risks.

- **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

- **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

- **Trading**

Trading generally involves the acquisition of an investment instrument and holding it for a period of at not more than thirty days.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

- **Short Sales**

Selling short involves the sale of an investment instrument that StrategIQ clients do not own. In most cases, a short seller will have to go out and borrow or arrange for the borrowing of a particular investment instrument before selling short. When selling short, the seller is expecting the price of the underlying investment instrument to decline but if it does, the seller is able to sell the investment instrument(s) at the present day price (in effect at the time of entering into the short sale) and the profit potential is the difference between the sale price of the borrowed shares and the cost of purchasing the borrowed shares in order to make good on the delivery of the investment instrument(s) to the party on the other side of the initial short sale.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

- **Margin Trading**

Margin trading, or “trading on margin,” as it is generally stated, involves the ability to purchase a dollar value of securities that is greater than the dollar value of funds that StrategIQ clients have available for the purchase. Essentially, trading on margin means that StrategIQ clients can borrow additional funds, generally from StrategIQ that holds the brokerage account of StrategIQ clients, to purchase investment instruments that exceed the amount with which StrategIQ clients have funded their account.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

- **Option Writing** (including covered/uncovered options or spreading strategies)

StrategIQ will also employ the use of options trading in the event that such trading complements an investment strategy StrategIQ may be carrying out for a particular StrategIQ client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving StrategIQ clients the right to buy are called “call” options. Options giving StrategIQ clients the right to sell are called “put” options. When trading options on behalf of a StrategIQ client, StrategIQ may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when StrategIQ clients own the underlying instrument on which the option is based. Uncovered options involve options trading when StrategIQ clients do not own the underlying

instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

## **VIII(B) Additional Methods of Analysis and Material Risks**

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### **Key Risks:**

Below is a list of certain key risks applicable in the context of investments.

- **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that StrategIQ clients may lose some or all of their principal investments. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

- **Credit Risk**

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

- **Currency Risk**

Fluctuations in the value of the currency in which StrategIQ clients' investment is denominated may affect the value of their investment and thus, their investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment StrategIQ clients own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

- **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

- **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

- **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, StrategIQ clients may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

- **Inflation Risk**

Inflation risk involves the concern that in the future, StrategIQ clients' investment or proceeds from their investment will have less relative purchasing power. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get StrategIQ clients less than what it can today.

- **Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

- **Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

- **Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, StrategIQ clients may experience the risk that StrategIQ clients' investment or assets within their investment may not be able to be liquidated quickly, thus, extending the period of time by which they may receive the proceeds from their investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

- **Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

- **Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

- **Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with

any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

- **Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

## **VIII(C) Concentration Risks**

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### **Concentrated Positions:**

StrategIQ clients who choose to have their investment portfolios heavily weighted in one of few securities, one of few industries or industry sectors, one or few geographic locations, one or few investment managers, or one or few types of investment instruments (equities versus fixed income) will expose themselves and their portfolios to greater risk of value decline and higher volatility. StrategIQ clients who have diversified portfolios, as a general rule, experience less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings offer the potential for higher gain, but also offer the potential for significant loss.

## **VIII(D) Operations Risks**

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### **Operations Risks:**

StrategIQ's operations rely on the secure processing, storage and transmission of confidential and other information in StrategIQ's computer systems and the systems of third parties with which StrategIQ does business or that facilitate StrategIQ's business activities (e.g., vendors). Like other financial services firms, StrategIQ and its third party providers are targets of unauthorized access, mishandling or misuse, computer viruses or malware, cyber-attacks, denial of service attacks and other events. These risks could jeopardize the personal, confidential, proprietary or other information of StrategIQ, StrategIQ clients or any counterparties processed and stored in, and transmitted through, the computer systems of StrategIQ and StrategIQ's third party providers. Furthermore, they could cause interruptions or malfunctions in the operations of StrategIQ, StrategIQ's clients, StrategIQ's counterparties or third parties, which could result in reputational damage, client dissatisfaction or claims that may adversely affect the business, financial condition or results of operations of StrategIQ. The increased use of smartphones, tablets and other mobile devices, and the ever increasing use of telecommunications to conduct meetings, may heighten these risks.

## **Item IX. Disciplinary Information**

The purpose of this item is for StrategIQ to disclose to any current or prospective StrategIQ client any legal, disciplinary, or other events that they may consider material in their evaluation of StrategIQ or the integrity of StrategIQ's management.

### **Criminal or Civil Actions**

There is nothing to report on this item.

### **Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## Item X. Other Financial Industry Activities and Affiliations

The following information will address any active or pending financial industry affiliations that any current or prospective StrategIQ clients need to know about for the purpose of identifying any related conflicts of interest that they might consider material in regard to letting StrategIQ handle their investment advisory needs.

### X(A) Broker-Dealer or Representative Registration

None of StrategIQ or its management persons is registered as a broker-dealer or have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer.

### X(B) Futures or Commodity Registration

Except as set forth below, neither StrategIQ nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Bradley J. Rathe is the sole member of Astor Janssen Holdings, LLC which is a commodity pool operator and a commodity trading advisor.

### X(C) Material Relationships Maintained by this Advisory Business and Conflicts of Interest

The purpose of this section is to address any relationship or arrangement (that is material to (1) StrategIQ's advisory business or (2) StrategIQ clients) that StrategIQ or any of StrategIQ's management persons have with any of StrategIQ's related persons that meet certain categories as identified by the Form ADV. Those categories are listed below and in the event that StrategIQ has a related person that is included in one of those categories, StrategIQ will address not only the relationship or arrangement that is material to StrategIQ's advisory business or StrategIQ clients but also any conflict(s) arising out of this relationship/arrangement and how StrategIQ addresses such conflict(s).

#### (1) Accountant or accounting firm

*Related Person:* **Deborah Sarkey**, a senior officer of StrategIQ, is a managing member and majority owner of **StrategIQ Tax and Business® Services, LLC**, a limited liability company organized under laws of Delaware ("STBS"). STBS provides bookkeeping, tax and business services. IQ Companies, LLC owns a minority interest in STBS and, as a result, STBS and StrategIQ are affiliated persons.

*Conflict:* STBS and StrategIQ have clients in common. StrategIQ recommends, as appropriate, STBS' services to StrategIQ's investment advisory clients and STBS recommends StrategIQ's services to STBS' accounting, tax or payroll clients. Because of the affiliated person status between StrategIQ and STBS, because Ms. Sarkey is an officer of StrategIQ and an officer and owner of STBS, the recommendation by a StrategIQ representative that a StrategIQ client engage STBS, or the recommendation by an STBS representative that an STBS client engage StrategIQ, presents a *conflict of interest*.

*How StrategIQ Addresses the Conflict(s):* StrategIQ has openly outlined the affiliate relationship between StrategIQ and STBS in the interest of full disclosure. No StrategIQ client is under any obligation to engage STBS for accounting services, and no STBS client is under any obligation to engage StrategIQ for investment advisory services. StrategIQ clients are reminded that they can obtain accounting services and STBS clients are reminded that they can obtain investment advisory services, in each case, from non-affiliated persons.

#### (2) Lawyer or law firm

*Related Person:* **Markus R.F. Sleuwen**, a senior officer of StrategIQ, is the managing director and sole member of **Global Counsel, LLC**, organized under the laws of Illinois, operating as a law firm.

*Conflict:* StrategIQ may refer StrategIQ clients requiring legal services to Global Counsel, LLC or Mr. Sleuwen, and Mr. Sleuwen may receive income directly from any such StrategIQ clients for those services.

*How StrategIQ Addresses the Conflict(s):* No StrategIQ client is under any obligation to engage Global Counsel, LLC or Mr. Sleuwen for legal services, and no client of Global Counsel, LLC is under any obligation to engage StrategIQ for investment advisory services. StrategIQ clients are reminded that they can obtain legal services from persons other than Global Counsel, LLC or Mr. Sleuwen, and Global Counsel, LLC clients are reminded that they can obtain investment advisory related services from persons other than StrategIQ. StrategIQ does not receive any fees from Global Counsel, LLC or from Mr. Sleuwen for any referrals to Global Counsel, LLC or Mr. Sleuwen.

### **(3) Trust**

*Related Person:* **National Advisors Trust Company, FSB**, a national trust company, was created to support the fiduciary needs of clients who, through their estate planning efforts, prefer to continue to maintain their relationship with their financial advisory firm. National Advisors Trust Company is a wholly owned subsidiary of **National Advisors Holding, Inc.** StrategIQ and approximately 120 other advisory firms located in over 40 states own equity interests in National Advisors Holding, Inc. StrategIQ holds a less than 1% interest in National Advisors Holding, Inc. The mission of National Advisors Trust Company is to support the delivery of trust and custody services to the clients of its shareholders. To support this endeavor StrategIQ created **Strategic Financial Group Private Trust Services**, a Trust Representative Office of National Advisors Trust.

*Conflict:* StrategIQ recommends Strategic Financial Group Private Trust to its advisory clients seeking trust services. The grantor in a trust agreement would name StrategIQ as the investment manager with discretion to manage the trust estate, and the agreement also provides that National Advisors Trust Company discharge the administration, distribution and custodial responsibilities of the trust. StrategIQ, as a shareholder of National Advisors Holding, Inc., may benefit by realizing a profit in the form of dividends or corporate distributions from NAH, in addition to any investment advisory fees paid under the trust agreement.

*How StrategIQ Addresses the Conflict(s):* StrategIQ has openly outlined the ownership relationship between StrategIQ and National Advisors Holding, Inc. in the interest of full disclosure. No StrategIQ client is under any obligation to engage National Advisors Trust Company to perform the administration, distribution and custodial responsibilities of the trust.

### **(4) Commodity Pool Operator or Commodity Trading Advisor**

*Related Person:* **Bradley J. Rathe**, a senior officer of StrategIQ, is the manager and sole member of **Astor Janssen Holdings, LLC**, a commodity pool operator and a commodity trading advisor.

*Conflict:* StrategIQ may refer StrategIQ clients to Astor Janssen Holdings, LLC to obtain services relating to commodities, and Mr. Rathe may receive income directly from any such StrategIQ clients for those services.

*How StrategIQ Addresses the Conflict(s):* No StrategIQ client is under any obligation to engage Astor Janssen Holdings, LLC or Mr. Rathe for commodity related services, and no Astor Janssen Holdings, LLC client is under any obligation to engage StrategIQ for investment advisory services. StrategIQ clients are reminded that they can obtain services relating to commodities from persons other than Astor Janssen Holdings, LLC or Mr. Rathe, and Astor Janssen Holdings, LLC clients are reminded that they can obtain investment advisory related services from persons other than StrategIQ. StrategIQ does not receive any fees from Astor Janssen Holdings, LLC or from Mr. Rathe for these referrals.

### **(5) Referrals to Third Party Professionals**

*Related Person:* StrategIQ refers StrategIQ clients to other professionals for a variety of services such as **accounting, tax, legal or insurance brokerage**. StrategIQ clients, however, are under no obligation to purchase any products through these professionals or to purchase any products recommended by these professionals. StrategIQ clients retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from StrategIQ. If a StrategIQ client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the StrategIQ client agrees to seek recourse exclusively from and against the engaged professional.



*Conflict:* StrategIQ has a conflict of interest in making these recommendations because it could receive referrals from professionals it has recommended to StrategIQ clients. In instances where the referred professional is also a StrategIQ client, it may appear that StrategIQ has an economic incentive for the referral.

*How StrategIQ Addresses the Conflict(s):* No StrategIQ client is under any obligation to engage an accounting, tax, legal or insurance brokerage service provider referred by StrategIQ. StrategIQ clients are reminded that they can obtain accounting, tax, legal or insurance brokerage services from persons other than the service providers referred by StrategIQ. StrategIQ will refer other professionals to StrategIQ clients only when StrategIQ believes the services provided by the professional best suit the StrategIQ client's needs.

#### **(6) Donor Advised Funds – No Obligation/Potential for Conflict of Interest**

*Related Person:* StrategIQ and Renaissance Charitable Foundation ("RCF") have two agreements in place, a DAF Services Agreement and an Investment Advisory Agreement, pursuant to which RCF sponsors and operates a Donor Advised Fund Program under the name "Strategic Financial Group Charitable Giving Fund Program" ("RCF DAF Program") and StrategIQ is appointed by RCF as investment manager of the RCF DAF Program. StrategIQ has no relationship with RCF other than such contractual relationships. StrategIQ may have a relationship with other foundations that sponsor donor advised fund programs ("Other DAF Program") pursuant to which StrategIQ is appointed as investment manager of such Other DAF Programs (any such other foundation, including Unity Foundation of LaPorte County, Inc., "Other Sponsor").

*Conflict:* StrategIQ has a conflict of interest in making a recommendation to a current or prospective StrategIQ client to use the RCF DAF Program or Other DAF Program because StrategIQ serves as investment manager to the RCF DAF Program or Other DAF Program and receives investment advisory fees from RCF or Other Sponsor for StrategIQ's investment management services to RCF or Other Sponsor. StrategIQ has an economic incentive to make a recommendation to a current or prospective StrategIQ client to use the RCF DAF Program or Other DAF Program to earn an investment advisory fee that it would not earn if the donor advised fund was not established under the RCF DAF Program or Other DAF Program. Once RCF receives a completed donor advised fund application signed by a current or prospective StrategIQ client, RCF sets-up a donor advised fund under the RCF DAF Program per the terms of the DAF application, the DAF Circular and any other documents or laws applicable to the RCF DAF Program. Other Sponsors have similar donor advised fund initial set-up processes for their Other DAF Programs. Any funds that are contributed to any donor advised fund that is part of the RCF DAF Program or Other DAF Program (including contributions of funds from other existing donor advised funds) are the ownership of RCF or the Other Sponsor, respectively. StrategIQ has no client relationship with any current or prospective StrategIQ client with respect to any donor advised fund, except one StrategIQ client, the sponsoring foundation and owner of the funds of the donor advised fund, which is RCF or Other Sponsor in the case of any donor advised fund that is part of the RCF DAF Program or Other DAF Program, respectively. The investment advisory fee paid by RCF or Other Sponsor to StrategIQ for investment management services may be lower or higher than (1) the investment advisory fee paid by StrategIQ clients to our firm for assets that are owned by StrategIQ clients or (2) the investment advisory fee paid by other foundations to the investment managers of donor advised fund programs sponsored by such foundations. Also, the fees charged by RCF or Other Sponsor to a donor advised fund under the RCF Program or Other DAF Program, respectively, for administrative services of RCF or Other Sponsor to such donor advised fund may be lower or higher than the administrative fees charged by other foundations with respect to their sponsored donor advised fund programs. StrategIQ believes that RCF's administrative fees and the total overall fees charged to each donor advised fund in connection with the RCF DAF Program are competitive within the donor advised fund industry.

*How StrategIQ Addresses the Conflict(s):* Current or prospective StrategIQ clients are under no obligation to use the RCF DAF Program or any Other DAF Program. The grant advisor appointed by any current or prospective StrategIQ client that initially sets-up a DAF has the authority to recommend to RCF or Other Sponsor (1) the contribution of all funds in such donor advised program to another qualified charity, including any donor advised fund at another sponsoring foundation, and (2) the selection of another investment adviser for such donor advised program sponsored (upon the implementation of either of which, such donor advised program would cease to be part of the RCF DAF Program or Other DAF Program).

StrategIQ's Chief Compliance Officer, Markus R.F. Sleuwen, JD, remains available to address any questions that any current or prospective StrategIQ client may have regarding the potential for a conflict of interest presented by any donor advised fund under the RCF DAF Program or Other DAF Program.

## **X(D) Recommendation or Selection of Other Investment Advisers and Conflict of Interest**

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As described previously in Item IV(B), from time to time StrategIQ may recommend or select other investment advisers for StrategIQ clients and, in return, StrategIQ will participate in the compensation (i.e. solicitor/referral fees) derived from the services such other investment advisers provide in connection with StrategIQ clients' assets that they may manage throughout time. In these cases, StrategIQ will generally enter into a formal, written agreement (i.e. a solicitor agreement) with such other investment advisers. These sorts of arrangements are often times referred to as "solicitor arrangements" and under such arrangements, StrategIQ would be serving the role of solicitor for the other investment adviser.

As a result of such arrangements, StrategIQ may be incentivized to recommend only the investment advisers from whom StrategIQ receives solicitor/referral fees as opposed to another investment adviser from whom StrategIQ does not receive such fees. StrategIQ continually monitors any investment advisers that StrategIQ recommends under a solicitor arrangement and, in the event that any of such investment advisers are not meeting the standards that StrategIQ believes are necessary to meet the needs of a StrategIQ client, StrategIQ will seek other investment advisers that may be a better fit for the specific management needs of such StrategIQ client.

Additional details about any such arrangement can be found in the applicable solicitor disclosure document that StrategIQ is obligated to provide to each StrategIQ client that StrategIQ may refer to any other investment adviser under one of these solicitor arrangements. Each StrategIQ client is always welcome to request from StrategIQ a copy of StrategIQ's current solicitor disclosure document with respect to any investment adviser that StrategIQ may have recommended or selected for such StrategIQ client.

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

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### **XI(A) Code of Ethics Description**

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StrategIQ takes great pride in StrategIQ's commitment to serving StrategIQ's clients' needs and the integrity with which StrategIQ conducts StrategIQ's business. In StrategIQ's recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

StrategIQ has adopted a Code of Ethics ("**Code**") to memorialize StrategIQ's vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. StrategIQ's Code addresses issues such as the following:

- The standards of conduct and compliance with applicable laws, rules, and regulations
- The protection of material non-public information
- Conflicts of interest
- The disclosure by employees of personal securities holdings and transactions
- StrategIQ's IPO and private placement policy
- The reporting of violations of the Code
- The education of employees about the Code
- The enforcement of the Code

Each adviser representative or employee of StrategIQ has been furnished with a copy of StrategIQ's Code and has signed his or her name to a written acknowledgement attesting to his or her understanding of the Code and acceptance of its terms. A copy of StrategIQ's Code is available to all current or prospective StrategIQ clients upon request.

## **XI(B) Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

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StrategIQ does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, StrategIQ does not recommend any securities to advisory StrategIQ clients in which it has some proprietary or ownership interest.

Refer below to Item XI(C).

## **XI(C) Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

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StrategIQ, its affiliates, employees (and their immediate families), and the trusts, estates, charitable organizations or retirement plans established by any of them purchase for their own account some of the same securities as StrategIQ purchases for StrategIQ clients. Personal securities transactions by adviser representatives or employees of StrategIQ raise potential conflicts of interest when they trade in a security that is:

- owned by a StrategIQ client, or
- considered for purchase or sale for a StrategIQ client.

Such conflict generally refers to the practice of front-running (trading ahead of a client), which practice is specifically prohibited by StrategIQ's Code.

StrategIQ's Code and StrategIQ's policies and procedures contain several provisions intended to address these conflicts of interest, including:

- the requirement that StrategIQ's adviser representatives and employees act in the best interest of StrategIQ clients,
- the prohibition against front-running, and
- the review (quarterly) of personal transactions of an adviser representative or employee or StrategIQ to discover and correct trades that result in an adviser representative or employee of StrategIQ benefitting at the expense of a StrategIQ client.

Advisor representatives and employees of StrategIQ must follow StrategIQ's Code and StrategIQ's policies and procedures when purchasing or selling the same securities purchased or sold for a StrategIQ client.

## **XI(D) Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

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StrategIQ, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it sometimes effect securities transactions for their own accounts that differ from those recommended or effected for other StrategIQ clients. StrategIQ will make a reasonable attempt to trade securities in StrategIQ client accounts at or prior to trading the securities in its affiliate, corporate, employee, or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of StrategIQ to place the StrategIQ clients' interests above those of StrategIQ and its employees and adviser representatives. (Please refer to Item 12 (B)(4) Order Aggregation.)

## **Item XII. Brokerage Practices**

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### **XII(A) Factors Used to Select Broker-Dealers for Client Transactions**

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#### **(1) Broker/Custodian Recommendations**

StrategIQ participates in the institutional customer programs offered by the following brokerage firms or custodians:

- 1) Fidelity Clearing & Custody Solutions® (Fidelity Institutional)
- 2) SEI Private Trust Company
- 3) TD Ameritrade Institutional, Inc.
- 4) Charles Schwab and Company, Inc. (Schwab Adviser Services)
- 5) TradePMR, Inc.
- 6) Crews & Associates, Inc.
- 7) D.A. Davidson & Company

The above brokers or custodians are all independent, unaffiliated SEC-registered broker-dealers and FINRA members (except SEI Private Trust Company, which is a federally chartered limited purpose savings association only). Through these programs, the custodians offer various services to independent investment advisers, including custody of securities, trade execution, and clearance and settlement of transactions. StrategIQ and StrategIQ clients receive some benefits from the custodians through StrategIQ's participation in these programs.

In certain instances, and subject to approval by StrategIQ, StrategIQ will recommend to StrategIQ clients certain other broker-dealers and/or custodians, including National Advisors Trust Company, based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. StrategIQ clients are advised that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of a StrategIQ client.

## **(2) How StrategIQ Selects Brokers/Custodians to Recommend**

StrategIQ seeks to recommend a custodian/broker who will hold StrategIQ client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. StrategIQ considers a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for StrategIQ client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist StrategIQ in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to StrategIQ and StrategIQ's clients (or StrategIQ acquired firms or hired investment adviser representatives or the StrategIQ acquired clients)
- custodian of StrategIQ client at the time of acquisition or hiring investment adviser representative
- availability of other products and services that benefit StrategIQ, as discussed below

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. StrategIQ does not routinely recommend, request, or require that StrategIQ clients direct StrategIQ as to how to execute brokerage transactions on their behalf (i.e. using a particular broker-dealer for execution purposes).

However, StrategIQ clients may direct StrategIQ to use a particular broker-dealer (subject to StrategIQ's right to decline such a request) to execute some or all transactions for their account or otherwise on their behalf. If StrategIQ clients choose to use a firm other than the broker-dealer(s) that StrategIQ recommends:

- StrategIQ may not be able to negotiate terms and arrangements with respect to the account at the other broker-dealer,
- StrategIQ may not be able to properly monitor StrategIQ clients' Assets Under Management, and

- StrategIQ may not be able to seek better execution services or prices from the other broker-dealer or be able to “batch” the transactions for execution through the other broker-dealer with orders for accounts of other StrategIQ clients that StrategIQ manages.

As a result, in such instances, StrategIQ clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for an account than would otherwise be the case. Furthermore, StrategIQ cannot be held responsible for the success or failure of any investment products or strategies that StrategIQ clients implement at firms other than those StrategIQ recommends. In other words, StrategIQ’s services and responsibilities will not apply to transactions StrategIQ clients effect on their own whether through firms they choose on their own or through any broker-dealer StrategIQ may recommend.

### **(3) Client’s Custody and Brokerage Costs**

For StrategIQ client accounts, the custodian generally does not charge StrategIQ clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian’s accounts.

In addition to commissions or fees, some custodians charge a flat dollar amount as a “prime broker” or “trade away” fee for each trade that StrategIQ has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the StrategIQ client’s custodian account. These fees are in addition to the commissions or other compensation the StrategIQ client pays the executing broker-dealer. Because of this, in order to minimize the StrategIQ client’s trading costs, StrategIQ has the custodian execute most trades for the account (provided, that in instances where individual bonds are being purchased or sold, these may be executed utilizing the custodian “prime broker” or an unaffiliated broker dealer).

Some custodians may charge a flat dollar amount with respect to private placements and other alternative investments that are held by such custodians. StrategIQ may have alternative investments held directly with the issuer or the custodian or other qualified third party.

### **(4) Soft Dollar Arrangements**

StrategIQ does not direct brokerage transactions to executing brokers for research and brokerage services. StrategIQ has not entered into any agreements for individualized special benefits that are not available generally to other investment advisers that would be considered soft dollars. The benefits that StrategIQ receives that may be considered soft dollars are discussed in Item (A)(1)(E) below.

### **(5) Institutional Trading and Custody Services**

The custodians provide StrategIQ with access to their institutional trading and custody services, which are typically not available to the custodian’s retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them, so long as a certain minimum amount of the assets that are managed by the advisers are maintained in accounts at a particular custodian. These services are not contingent upon StrategIQ committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian’s brokerage services include the execution of securities transactions, custody, research, 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.

The custodian may also be compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through the custodian or that settle into the custodian’s accounts.

### **(6) Other Products and Services**

The custodians also make available to StrategIQ other products and services that benefit StrategIQ but may not directly benefit StrategIQ clients’ accounts. Many of these products and services are used to service all or some substantial number of StrategIQ’s accounts, including accounts not maintained at the custodian. The custodian sometimes makes available to StrategIQ software and other technology that:

- provide access to StrategIQ client account data (such as trade confirmations and account statements)

- facilitate trade execution and allocate aggregated trade orders for multiple StrategIQ client accounts
- provide research, pricing and other market data
- facilitate payment of StrategIQ's fees from StrategIQ clients' accounts
- assist with back-office functions, recordkeeping and StrategIQ client reporting

The custodian offers other services intended to help StrategIQ manage and further develop its business enterprise. These services include (not all inclusive):

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian sometimes provides other benefits such as educational events. In evaluating whether to recommend that StrategIQ clients custody their assets at the custodian, StrategIQ takes into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which can be perceived as a potential conflict of interest.

## **(7) Independent Third Parties**

A custodian occasionally makes available, arranges, and/or pays third-party vendors for the types of services rendered to StrategIQ. A custodian, at its discretion, may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to StrategIQ.

## **(8) Additional Compensation Received from Custodians**

StrategIQ participates in institutional customer programs sponsored by broker-dealers or custodians. These are the same broker-dealers or custodians that StrategIQ recommends to StrategIQ clients for custody and brokerage services. There is no direct link between StrategIQ's participation in such programs and the investment advice it gives to StrategIQ clients, although StrategIQ receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate StrategIQ client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving StrategIQ participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to StrategIQ client accounts)
- The ability to have advisory fees deducted directly from StrategIQ client accounts
- Access to an electronic communications network for StrategIQ client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to StrategIQ by third-party vendors

Some broker-dealers or custodians sometimes pays or reimburses expenses (including travel, lodging, meals, and entertainment expenses for StrategIQ's personnel to attend conferences. Some of the products and services made available by a broker-dealer or custodian through its institutional customer programs benefit StrategIQ but may not benefit StrategIQ client accounts or may not benefit StrategIQ client accounts proportionately. These products or services can assist StrategIQ in managing and administering StrategIQ client accounts, including accounts not maintained at such broker-dealer or custodian as applicable. Other services made available through the programs are intended to help StrategIQ manage and further develop its business enterprise. The benefits received by StrategIQ or its personnel through participation in these programs may or may not depend on the amount of brokerage transactions directed to the broker-dealer or custodian.

StrategIQ also participates in similar institutional advisor programs offered by trust companies, and its continued participation requires StrategIQ to maintain a predetermined level of assets at such firms. In connection with its

participation in such programs, StrategIQ will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by StrategIQ's related persons.

As part of its fiduciary duties to StrategIQ clients, StrategIQ endeavors at all times to put the interests of StrategIQ clients first. StrategIQ clients should be aware, however, that the receipt of economic benefits by StrategIQ or its related persons in and of itself creates a potential conflict of interest and can indirectly influence StrategIQ's recommendation of broker-dealers for custody and brokerage services.

#### **(9) StrategIQ's Interest in Services of Certain Custodians**

The availability of these services from a custodian benefits StrategIQ because StrategIQ does not have to produce or purchase them. StrategIQ does not have to pay for a custodian's services so long as a certain minimum of StrategIQ client assets is kept in accounts at the custodian. These services are not contingent upon StrategIQ committing any specific amount of business to the custodian in trading commissions or assets in custody. This minimum of StrategIQ client assets can give StrategIQ an incentive to recommend that StrategIQ clients maintain their accounts with the custodian based on StrategIQ's interest in receiving the custodian's services that benefit StrategIQ's business rather than based on StrategIQ client's interest in receiving the best value in custody services and the most favorable execution of StrategIQ client transactions. This is a potential conflict of interest. StrategIQ believes, however, that its selection of a particular custodian as custodian and broker for a StrategIQ client is in the best interest of StrategIQ clients because such selection is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only StrategIQ. By committing to maintaining a minimum number of StrategIQ clients at a custodian, StrategIQ is able to provide a preferential negotiated fee schedule not available to retail customers of such custodian. However, please note that, notwithstanding a certain preferential negotiated fee, the commission rates or other brokerage execution fees charged by such qualified custodian to StrategIQ clients may be higher than those charged by other broker-dealers.

It should be noted that StrategIQ, as a company, is an indirect shareholder of National Advisors Trust Company through its ownership of less than one (1%) present of the shares of National Advisors Holding, Inc. This creates an inherent conflict of interest, given that StrategIQ recommends National Advisors Trust Company as a custodian for StrategIQ client accounts and as a corporate trustee. That said, StrategIQ has a fiduciary duty to StrategIQ clients and is required to place the interests of StrategIQ clients ahead of its own interests or those of its employees and owners. See Item X(C)(3) above.

## **XII(B) Trading Practices**

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### **(1) Best Execution**

StrategIQ recommends that StrategIQ clients establish brokerage accounts with specific qualified custodians to maintain custody of StrategIQ clients' Assets Under Management and to effect trades for their accounts. Such accounts may be prime broker eligible so that if and when the need arises to effect securities transactions at broker-dealers ("**executing brokers**") other than with the StrategIQ client's custodian, such custodian will accept delivery or deliver the applicable security from/to the executing broker. Some custodians charge a "trade away" fee (trade effected at another broker), which is charged against the StrategIQ client account for each trade away occurrence. Clients should consult their current custodian for policies and fees concerning prime broker accounts and trade away fees or they can always ask their StrategIQ advisor for a description of costs.

StrategIQ, pursuant to the terms of its Investment Advisory Agreement with a StrategIQ client, has discretionary authority to determine which securities are to be bought and sold, the amount of such securities, the executing broker, and the commission rates to be paid to effect such transactions. StrategIQ recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. StrategIQ will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing StrategIQ client orders. These factors include but are not limited to the following:

- The financial strength, reputation, and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any) or zero on mutual funds

- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance, and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the StrategIQ client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, StrategIQ seeks to ensure that StrategIQ clients receive best execution with respect to their StrategIQ client's transactions by blocking StrategIQ client trades to reduce commissions and transaction costs. To the best of StrategIQ's knowledge, these custodians provide high-quality mutual fund execution, and StrategIQ clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the StrategIQ client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, StrategIQ believes that such commission rates are competitive within the securities industry. It is possible that lower commissions or better execution can be achieved elsewhere.

## **(2) Security Allocation**

Since StrategIQ manages accounts with similar investment objectives, StrategIQ sometimes aggregates orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by StrategIQ in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

StrategIQ's allocation procedures seek to allocate investment opportunities among StrategIQ clients in the fairest possible way, taking into account the StrategIQ clients' best interests. StrategIQ will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any StrategIQ client or group of StrategIQ clients. Account performance is never a factor in trade allocations.

StrategIQ's advice to certain StrategIQ clients and entities and the action of StrategIQ for those and other StrategIQ clients are frequently premised not only on the merits of a particular investment but also on the suitability of that investment for the particular StrategIQ client in light of his or her applicable investment objectives, guidelines, and circumstances. Thus, any action of StrategIQ with respect to a particular investment can, for a particular StrategIQ client, differ or be opposed to the recommendation, advice, or actions of StrategIQ to or on behalf of other StrategIQ clients.

## **(3) Trading Frequency**

StrategIQ typically executes portfolio transactions on a once per day basis, regardless of the type of transaction (withdrawals, allocation changes, rebalancing, or general trading). The occurrence of additional trading depends on the StrategIQ client's selection of custodian, type of security, the size and timing of StrategIQ client deposits, and other factors StrategIQ deems important. As a result, StrategIQ clients sometimes incur a delay from the time that cash is deposited and the time that their funds are invested.

## **(4) Order Aggregation**

Orders for the same security entered on behalf of more than one StrategIQ client are sometimes aggregated at each qualified custodian or prime broker (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating StrategIQ clients. All StrategIQ clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then



the trade will only be performed for that account. This is true even if StrategIQ believes that a larger size block trade would lead to best overall price for the security being transacted.

The reasoning for attempting to effect a batch order is that StrategIQ may need to trade in the same security for multiple accounts at or around the same time and batching may allow StrategIQ to achieve a more favorable price on average for all StrategIQ clients. Batching doesn't guarantee the lowest possible price for execution - instead, it is intended to reduce the overall volatility in execution price for a large # of orders that, if not batched together, may experience significantly different execution prices. Conversely, in the event that StrategIQ does not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some StrategIQ clients may be higher or lower than what StrategIQ might be able to achieve by processing a batched order for the benefit of those same StrategIQ clients.

#### **(5) Allocation of Trades**

If trade allocations are required, they will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the StrategIQ clients in order, taking into account all relevant factors, including, but not limited to, the size of each StrategIQ client's allocation, StrategIQ clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

StrategIQ acts in accordance with its duty to seek best price and execution and will not continue any arrangements if StrategIQ determines that such arrangements are no longer in the best interest of its StrategIQ clients.

#### **(6) Trading Errors**

In the event of a trading error, and if the error is the responsibility of StrategIQ, the StrategIQ client transaction(s) will be analyzed and corrected and the StrategIQ client will be put in the same position as if the trading error never occurred. If the error results in a loss, StrategIQ will cover market value differences and any related fees and expenses.

If the error results in a gain, the treatment of any gains resulting from error corrections will be dependent on which custodian is processing the trade. The general approach of most custodians and StrategIQ is to cause any gain to be donated to a charitable organization. In the event that the custodian processing the trade does not have a procedure or expects StrategIQ to make the decision on how such gain should be treated, StrategIQ will donate the gain to StrategIQ's Community Fund (a donor advised fund).

## **Item XIII. Review of Accounts**

### **XIII(A) Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

#### **StrategIQ Client Accounts:**

StrategIQ client accounts are subject to different reviews by different members of StrategIQ.

#### Investment Adviser Representative Review:

Accounts of a StrategIQ client are reviewed periodically and upon the request of a StrategIQ client by any of the investment adviser representatives that are members of the investment advisory team assigned to such StrategIQ client, including to determine whether the holdings in each account or the selected strategy with respect to each account are consistent with such StrategIQ client's investment objective for that account and whether the aggregate holdings and strategies in all accounts are consistent with such StrategIQ's client's overall risk tolerance and such StrategIQ client's communicated goals and objectives.

#### Compliance Review:

StrategIQ's compliance team, led by StrategIQ's Chief Compliance Officer, regularly reviews information relating to a rotating sample of StrategIQ clients. Below are examples of some of the review activities:

- review of notes of StrategIQ client meetings and action follow-up
- confirming the existence of documentary backup for any change to the risk tolerance of a StrategIQ client (at household level)
- confirming the existence of documentary backup for any change to the stated investment objective for any account of a StrategIQ client
- confirming that the strategy selected with respect to an account of a StrategIQ client is consistent with the risk tolerance of such StrategIQ client (at household level) and consistent with the stated investment objective for such account
- if there is a discrepancy between the risk tolerance of a StrategIQ client (at household level), the investment objective of any account of such StrategIQ client or the strategy selected with respect to any such account of such StrategIQ client, verifying that there is an adequate explanation for such discrepancy
- monitoring transaction relevant information across multiple account or StrategIQ clients, including execution prices or trade activity patterns

#### Investment Management Review:

StrategIQ's investment management team, led by StrategIQ's Chief Investment Officer, undertakes the following tasks periodically (not less than on an annual basis):

- Determination of strategies meeting their investment mandates, as well as StrategIQ's investment policy and philosophy and
- Performance of securities in strategies relative to benchmarks
- Performance of securities in strategies vs. peer groups
- Review based on qualitative and quantitative factors
- Review risk/return and investment expense profiles for consecutive periods
- Review of the qualifications and status of the current qualified custodians, internal trading process, and state of the trading systems used
- Review of the investment management companies that manage securities in the strategies
- Review of the mix of securities in the strategies
- Review the investment universe to ensure securities are utilized in construction of strategies that meet StrategIQ's selection criteria

#### **Financial plans:**

The director of StrategIQ's financial planning department periodically reviews a sample of financial plans that StrategIQ has prepared for StrategIQ clients. This includes:

- Review that the information received from a StrategIQ client was adequate to develop the plan for such StrategIQ client
- Review plan assumptions
- Review StrategIQ client's goals and needs
- Review plan analysis
- Review plan recommendations
- Review that all financial planning areas covered by the engagement have been addressed in the plan

### **XIII(B) Review of Client Accounts on Non-Periodic Basis**

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StrategIQ will perform ad hoc reviews on an as-needed basis if there have been material changes in the StrategIQ client's investment objectives, risk tolerance, volume of StrategIQ client initiated transaction requests, at StrategIQ client's request, or if there has been a material change in how StrategIQ formulates investment advice.

### **XIII(C) Content of Client-Provided Reports and Frequency**

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StrategIQ provides written investment reports to StrategIQ clients in connection with periodic review meetings and at the request of StrategIQ clients. These reports include:

- changes in market values
- current and historical time-weighted performance statistics
- comparison to an appropriate benchmark index
- strategies applicable to each account
- individual account holdings

StrategIQ clients receive invoices from StrategIQ (or, in some instances, directly from a custodian, record-keeper or third party administrator), which include a calculation of the applicable Adviser Fee.

StrategIQ clients are able to access the above investment reports or StrategIQ generated invoices on an ongoing basis through their internet based StrategIQ client portal.

StrategIQ may provide a financial plan as part of a regular review meeting or in connection with a financial plan presentation meeting. The content of the financial plan depends on the particular engagement, and may include comprehensive or issue-based analysis and recommendation in the six areas of financial planning, including 1) financial planning, 2) tax planning, 3) insurance analysis, 4) investment analysis, 5) retirement planning, and 6) estate planning.

StrategIQ may mail to a StrategIQ client or upload to the internet based client portal of such StrategIQ client the investment report or financial plan in the event that such StrategIQ client is not able to meet with StrategIQ for an extended period of time.

Each qualified custodian (and each annuity company with which StrategIQ has a service agreement) has undertaken the responsibility to provide regular account statements directly to any applicable StrategIQ client. The statement of custodians is the official record of the StrategIQ client's Assets Under Management in a particular account and supersedes any statements or reports created on behalf of the StrategIQ client by StrategIQ. StrategIQ clients are encouraged to cross reference Assets Under Management holdings as shown on StrategIQ reports with the applicable custodian statements for the same period.

## **Item XIV. Client Referrals and Other Compensation**

### **XIV(A) Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

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Other than the compensation arrangements described above in Item V, StrategIQ receives no other compensation for outside business services.

StrategIQ is not registered as a broker-dealer and thus, StrategIQ does not receive transaction-based compensation for securities-related activities.

Additionally, while certain StrategIQ supervised persons may be qualified to receive compensation directly for the sale of insurance products if properly registered and licensed to do so (as a licensed insurance agent), StrategIQ prohibits StrategIQ supervised persons from selling or receiving compensation on this activity.

### **XIV(B) Advisory Firm Payments for Client Referrals**

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#### **(1) Solicitor Arrangements**

StrategIQ may enter into agreements with solicitors who will refer prospective advisory StrategIQ clients to StrategIQ in return for a portion of the Adviser Fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 and will require the solicitor to have a written agreement with StrategIQ. The solicitor will provide the StrategIQ client with a disclosure document describing the fees it receives from StrategIQ, whether those fees represent an increase in fees that StrategIQ

would otherwise charge the StrategIQ client, and whether an affiliation exists between StrategIQ and the solicitor. The specific fee arrangements will be found in the specific solicitor disclosure document relating to each such solicitor arrangement.

## **(2) Paid Advertising for Client Referrals**

Some of the professionals of StrategIQ are profiled in on-line registries. Investors use these registry online services to learn about financial advisors, how to avoid bad financial advice, how to select quality advisors, to search for financial advisors, and to view advisor documentation. Some registries match our financial professionals to investors who use the registry's custom search services and its documentation to review our professional's credentials, ethics, business practices, and financial services. StrategIQ pays fixed monthly or annual dues or a fee for StrategIQ's professionals to be profiled in the registry and/or receive referrals. Some registries use the dues to provide free information and search services to investors. Other sites are considered paid advertising. Inclusion in a registry is not indicative of an endorsement of StrategIQ or StrategIQ's Advisor(s) by the registry sponsor.

## **Item XV. Custody**

Assets Under Management are held by qualified custodians. StrategIQ is considered to have custody of Assets Under Management of StrategIQ clients for purposes of the Advisers Act due to deducting fees directly from the accounts of StrategIQ clients at the custodians.

Individual advisory StrategIQ clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. StrategIQ clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item XVI. Investment Discretion**

In connection with StrategIQ's investment advisory services, StrategIQ clients will grant a limited power of attorney to StrategIQ with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. StrategIQ will exercise, with respect to a particular StrategIQ client, the discretion as described in the Investment Advisory Agreement. Generally, StrategIQ clients grant StrategIQ full discretion over the following areas:

- 1) The specific securities to be bought or sold on the StrategIQ client's behalf
- 2) The amount of securities to be bought or sold on the StrategIQ client's behalf
- 3) The amount, if any, of commissions to be paid to third parties
- 4) Timing as to when such securities are to be bought or sold
- 5) The particular broker or dealer to be used for arranging StrategIQ client securities transactions

## **Item XVII. Voting Client Securities**

As a general rule, StrategIQ does not vote proxies on behalf of StrategIQ clients for any securities StrategIQ clients own. Proxies related to the securities StrategIQ clients own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork StrategIQ clients completed for each custodian holding their Assets Under Management. In no event will StrategIQ take discretion with respect to voting proxies on behalf of StrategIQ clients. If StrategIQ clients have questions related to a particular proxy notice, please call StrategIQ at 219-736-8902.

Except as required by applicable law, StrategIQ will not be obligated to render advice or take any action on behalf of StrategIQ clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of StrategIQ clients will be the subject of class action lawsuits. StrategIQ has no obligation to determine if securities held by the StrategIQ client are subject to a pending or

resolved class action lawsuit. StrategIQ also has no duty to evaluate a StrategIQ client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, StrategIQ has no obligation or responsibility to initiate litigation to recover damages on behalf of StrategIQ clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by StrategIQ clients.

Where StrategIQ receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a StrategIQ client, StrategIQ will forward all notices, proof of claim forms, and other materials to the StrategIQ client. Electronic mail is acceptable where appropriate and where the StrategIQ client has authorized contact in this manner.

Notwithstanding the above in this Item XVII, in limited circumstances, primarily related to the joint fiduciary responsibility with National Advisors Trust Company in its role as trustee to certain irrevocable trusts, and, to the extent not expressly disclaimed, with respect to ERISA plans, StrategIQ will be responsible for voting proxies relating to the trust's portfolio securities at no additional charge. StrategIQ will utilize an independent third party services provider to review proxy solicitations, make voting determinations and actually vote proxies on behalf of StrategIQ clients. In the case of a conflict between the interest of the trusts and the service provider, StrategIQ's investment committee will typically decide on how to vote the proxy. In the alternative, StrategIQ may request guidance from the trust beneficiaries or ERISA plan sponsors, on how to vote the particular proxy.

## **Item XVIII. Financial Information**

### **XVIII(A) Balance Sheet**

StrategIQ clients do not prepay more than \$1,200 in fees per StrategIQ client, six months or more in advance. As a result, StrategIQ is not required to prepare and deliver an audited balance sheet with respect to the most recently completed fiscal year.

### **XVIII(B) Adverse Financial condition**

StrategIQ does not believe that StrategIQ has a financial condition that is reasonably likely to impair StrategIQ's ability to meet StrategIQ's commitments to StrategIQ clients.

### **XVIII(C) Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.

## **Item XIX. Requirements for State-Registered Advisers**

As a federally-registered investment adviser, this Item of StrategIQ's Brochure is not applicable to StrategIQ.

**StrategIQ's Chief Compliance Officer, Markus R.F. Sleuwen, JD, is available to address any questions regarding this Part 2A Brochure.**