

# **IMA Wealth, Inc.**

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March 31, 2023

## **INVESTMENT ADVISORY SERVICES BROCHURE**

This Brochure provides information about the qualifications and business practices of IMA Wealth, Inc. (“IMA Wealth”). If you have any questions about the content of this brochure, contact us at 316-266-6574. 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.

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

IMA Wealth, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 31, 2022, we have had no material changes to the ADV Part 2 to report.

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## Item 4 Advisory Business

### Description of Firm

IMA Wealth, Inc. ("IMA Wealth", "we" or "us") is dually registered with the Securities and Exchange Commission ("SEC") as an investment adviser and securities broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") headquartered in Wichita, Kansas. We are organized as a corporation under the laws of the State of Kansas and have been providing investment advisory services since 2001. We are wholly owned by IMA Financial Group, Inc. ("IMA").

This disclosure brochure describes our managed account services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to an individual's specific needs.

### Services Described in this Brochure

We have two brochures describing our services. This brochure focuses on our managed account and financial planning services. Advisory services provided to employers on qualified and non-qualified retirement plans are described in a separate brochure. If you are interested in receiving the brochure that describes our retirement plan consulting services, please contact our office at 316-266-6574.

### Advisory Services

We offer the following services as an investment adviser: managed accounts, financing planning independent of managed accounts, IMA Direct services, and third-party services. We provide access to a broad range of clients including individuals, high net worth individuals, trusts, estates, pension and profit-sharing plans, charitable organizations and corporations.

#### IMA Direct Services

IMA Direct is an automated investment management service, Institutional Intelligent Portfolios® ("IIP"), provided by Charles Schwab & Co., Inc. ("Schwab").

#### Managed Account

Advice to a client or making investments for a client based on his/her individual needs. We typically provide these services on a discretionary basis respecting a client's assets in their account with us (the "Account"); however, we occasionally accept non-discretionary accounts. We allow clients to place reasonable restrictions on their discretionary accounts (see Item 16). Clients may also seek our non-discretionary advice on a client's investment in a private fund ("Private Funds") sponsored and managed by unaffiliated managers (the "Fund Sponsors").

#### Financial Planning Services

We offer financial planning services primarily using the MoneyGuide Pro® software. When the financial planning engagement is independent of investment management, the engagement begins with defining the scope of the engagement and services to be included and confirmed in an agreement. Advice and planning provided during a financial planning only engagement are not implemented by IMA Wealth as part of the engagement.

#### Subadvisory Services

We may recommend one or more unaffiliated investment managers (each a "Subadvisor"), to which a client may engage for the discretionary management of all or part of any Account. The client's relationship with us will be governed by the Advisory Agreement between the client and IMA Wealth; however, the client's relationship with the Subadvisor will be governed by the terms of a separate agreement with the Subadvisor (the "Subadvisory Agreement"). Each Subadvisor will manage the assets allocated to the Subadvisor according to the Subadvisor's designated investment portfolio and

style. The Subadvisor will provide the client its Form ADV Part 2A Brochure.

Clients interested in a Subadvisor or Private Fund will receive from the client's individual advisor information regarding the available Subadvisor(s) or Private Funds once the individual advisor has identified the client's needs and objectives. The client will authorize the custodian maintaining Account assets to provide Subadvisor account statements and confirmations of transactions (electronically or via internet) to IMA Wealth, along with an indication that account statements have been sent to the client, and to permit IMA Wealth to electronically view and download Subadvisor account information. The client will grant us unrestricted access to such account information.

#### Review & Monitoring of Subadvisors and Private Funds

Prior to making any recommendations with respect to a Subadvisor or Private Fund, the individual advisor will collect (or update, if already collected) the suitability information. The Investment Committee will monitor the Subadvisor accounts, publicly available custodian statements (and any reports from the Subadvisor or Fund Sponsor) and performance to ensure its management and investment style remains aligned with your investment goals and objectives. At least annually, the Investment Committee reviews performance of the portfolio against targets, and assess Subadvisor's or Fund Sponsor's overall management, and whether to recommend reallocation your assets.

#### Not All Clients Offered Same Services

The Portfolio Management Team selects the service(s) to offer to clients from among the services we have approved and authorized to offer. From time to time, we will approve one or more services (each a "Limited Service"), some of which will not be described in this Brochure, or which only a limited number will be approved to offer to their clients. We retain the right of approval for each client admitted to a Limited Service. We reserve the right to select clients for a Limited Service based, at least in large part, on subjective criteria and factors that benefit our firm, such as by increasing client referrals or the amount of assets we will manage, rather than on fair and equitable selection of participants for these programs. We do not disclose in our Brochure or to non-participating clients the details of the Limited Services; however, such services do not involve preferred access to initial public offerings, nor do they affect the procedures for day-to-day handling of client trades described in Item 12 below.

#### **Types of Investments**

For portfolios for which we serve as portfolio manager, assets may be invested in mutual funds; money market funds; exchange-trade funds ("ETFs"); common and preferred stocks; REITs; security options; real estate partnerships; corporate debts; municipal securities; and if appropriate, "sweep" arrangements where cash balances are transferred into money market funds; money market deposit accounts, or bank accounts for cash management purposes, which may be advised by or maintained with the Account's qualified custodian. Our investment strategy and any liquidity needs and investment restrictions imposed by the client will affect the specific types of investments we purchase or recommend for the clients Account.

Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

#### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's

Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of December 31, 2022, we manage \$721,277,792 on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Managed Account**

We typically charge an annual fee for investment supervisory services as a percentage of assets under management. Account valuations utilize trade date accounting for fee calculation purposes and include accrued interest.

We occasionally agree to enter in a fee arrangement other than one based upon a percentage of assets under management. This decision is based on the amount of assets under management and the nature of the services to be provided.

Our fees are subject to negotiation and will not exceed an annual fee of 1.25%.

Accounts of other clients are subject to fee schedules which differ from this. We retain the right to provide services to related persons of IMA Wealth and its affiliates at rates that are not made available to other clients.

The way we bill for fees is established in our written agreement with you. We generally bill our fees in advance on a quarterly basis. You can either authorize us to deduct our fee from your Account or you can pay fees by check.

Our fees for managed Accounts are prorated for each addition and withdrawal made during the applicable calendar quarter (apart from contributions and withdrawals of less than \$25,000). Clients who initiate or terminate our services during a calendar quarter will pay a prorated fee. You have the right to terminate an agreement with us (the "Advisory Agreement") without penalty at any time. Upon termination, we will have no obligation to recommend or take any further action regarding the securities, cash or other investments in your Account. If you terminate our services, any prepaid,

unearned fees will be promptly refunded to you, and any earned, unpaid fees will be due and payable to us.

### **IMA Direct Services**

We charge an annual fee for IMA Direct services as a percentage of assets under management. Account valuations utilize trade date accounting for fee calculation purposes and include accrued interest. Our annual fees charged will not exceed .50%.

Clients who are part of the IIP do not pay fees to Schwab Performance Technologies (“SPT”) or brokerage commissions or other fees to Charles Schwab & Co. as part of the IIP. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in Item 12 Brokerage Practices.

### **Financial Planning Services**

Our fees for financial planning are stated in the engagement agreement and are subject to negotiation. The fee range for this service is \$500 - \$5,000, with 50% of the fee due at the signing of the agreement and the remainder of the fee due upon delivery of the financial plan.

### **Fees for Subadvisors and Private Funds**

In addition to the advisory fees payable to IMA Wealth for its management services, where a Subadvisor manages designated assets (the “Subadvised Assets”), the Subadvisory Agreement provides for the management fees charged by such Subadvisor for investment management and related services, and any program or platform fees, transaction costs, and other fees and expenses.

Although the details of Subadvisors’ programs vary considerably, in general, they often provide prospective investors the chance to evaluate a range of investment alternatives, often offered by highly experienced, institutional asset managers, who have developed strategies and expertise to manage identified assets, within an agreed range of risk, according to the investment mandate established by the client.

Some Subadvisor programs are structured as wrap fee programs in which the Subadvisor’s fees are combined with execution costs. For other Subadvisor programs, the client pays separately for investment advice and execution of trades for the account, as well as related costs. The decision of whether to choose a wrap fee program or non-wrap program depends on a number of factors, including the amount of transactions expected in the account, the type of securities in which the account will invest, the costs of commissions or sales charges for transactions, whether the expected number of transactions is expected to change (such as after initial implementation of the Subadvisor’s portfolio, or after the first year of the Subadvisor’s strategy, after three years, etc.), and whether certain investments available (or not available) on a wrap or non-wrap fee basis, just to name a few of the considerations that affect whether to choose a Subadvisor program organized as a wrap fee or non-wrap fee program.

The amount of a Subadvisor’s fee will vary; however, the maximum aggregate Subadvisor fee will not exceed 1.25%, expressed as an annual percentage, calculated and payable quarterly in advance (or in arrears, if so, provided in the Subadvisory Agreement).

When a client invests in a Private Fund, the Private Fund’s offering and governing documents determine the fees and expenses the client is responsible for, in addition to the advisory fees payable to IMA Wealth for its management services. The managed assets in those Private Funds will be assessed a lower advisory fee by us, not to exceed an annual fee of .50%.

### **Payment Periods May Differ for Subadvisors**

Subadvisors and Private Funds are able to establish their own fee and refund policies, which may differ materially from IMA Wealth, and which we do not control or influence. The policies of the Subadvisors and Fund Sponsors will control when such fees and refunds are paid.

### **Additional Fees and Expenses**

Our advisory fees are separate and distinct from a number of other expenses that the clients Account will incur including Brokerage and Investment Expenses, Investment Company Expenses, Cash Management Expenses and Custodial Expenses.

#### Brokerage and Investment Expenses

Client Accounts will generally invest in individual stocks, ETFs, and money market funds, however, may also invest in mutual funds, bonds, and other types of securities. Although many of the investment company investments are "load-waived" investments, clients should expect that their Account will incur some or all of the brokerage and investment expenses described below. Client Accounts will pay their custodian transaction-related fees for each transaction, and for some transactions, will also pay other costs that could significantly increase your overall expenses and decrease any profits from these programs.

Following are examples of some of the types of fees and expenses that are included in the brokerage and investment expenses:

- per-trade principal trade mark-up/mark-downs, and other transaction-related costs paid to introducing and executing brokers (including its clearing firm, the Custodian and its affiliates), stock exchanges, electronic communications networks, and other trading intermediaries involved in executing account transactions to buy or sell securities;
- odd lot charges, transfer and other taxes, floor brokerage fees, service, handling, delivery, and mailing fees, electronic wire transfer fees, currency exchange fees, margin interest, and other expenses related to investments made or assets held for the Client's account;
- dealer spread (mark-up/mark-down) incurred when securities are purchased on principal basis, rather than on an "agency basis" (where a commission would be charged); fixed income securities tend to be bought and sold more frequently on a principal basis, so accounts that invest more frequently in fixed income securities may incur the cost of the dealer mark-up/down for each purchase and sale; and
- service, handling, delivery, and mailing fees, electronic wire transfer fees, and other miscellaneous expenses related to the client's account.

#### Investment Company Expenses

Mutual funds, money market funds, and ETFs, (all referred to as a "fund") deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. These internal expenses generally include recordkeeping fees, and transfer and sub transfer agent fees, among other fees and expenses. All of these represent indirect costs that are charged to the fund's shareholders.

Frequently, these internal expenses also include "distribution fees." These amounts are deducted from the funds' assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing, and mailing prospectuses to new investors, and printing and mailing sales literature. Mutual fund internal expenses also commonly include "shareholder service fees" which are amounts deducted from the funds' assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution fees are referred to as "12b-1 Fees," and are calculated for each class of shares of a fund as a percentage of the total assets attributable to the share class. The 12b-1 Fees, investment



management fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

ETFs are a type of investment company that aims to achieve the same return as a particular market index, however, can also be actively managed. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

We may use ETFs to achieve market exposure. Investment returns and principal value will fluctuate so that an Account's ETF shares, when sold, may be worth more or less than the original cost. Mutual funds may also impose a short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The redemption fee is generally one percent.

#### Cash Management Fees and Expenses

Cash in a client's Account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the custodian (or their affiliate), pursuant to an automatic cash "sweep" program. Clients should refer to the Prospectus and Statements of Additional Information of the money market funds in which they invest for further information regarding such payments.

#### Custodial Expenses

We will not have possession of managed assets. Managed assets must be maintained in an account under client's name with a custodian designated for their Account (the "Custodian"). The custodial account will be governed by a separate agreement (a "Custodial Agreement") between the client and each custodian, and the client will be solely responsible for negotiating the terms of such agreement. The custodial account will bear all fees and expenses of the Custodian and of transactions for such account, according to the Custodian Agreement, all of which will be separate from and in addition to the advisory fees payable to us under the Advisory Agreement. Clients must pay the cost of services provided by the Custodian for (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the custodial account; (2) making and receiving payments with respect to custodial account transactions and securities; (3) maintaining custody of custodial account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the custodial account. The specific fees and terms of each Custodian's services are described in the client's separate Custodial Agreement(s).

#### **Termination of Advisory Agreements**

An Advisory Agreement may be terminated by the client or us upon written notice to the other, as provided in the Advisory Agreement. If the Advisory Agreement is terminated, the client will receive a full refund of any prepaid fees prorated based on the number of days the Advisory Agreement was in effect during such calendar period, within 30 days. Any unpaid advisory fees owed to us will become immediately due and payable upon termination of the Advisory Agreement. After an Advisory Agreement has been terminated, the client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by any executing or carrying broker-dealer. The client will be responsible for monitoring all transactions and assets and we will not have any obligation to monitor or make recommendations with respect to any account or assets.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## Item 7 Types of Clients

### Managed Account and Financial Planning Services

We provide managed account and financial planning services to individuals, high net worth individuals, corporations, trusts, corporate pension and profit-sharing plans, charitable organizations and foundations.

In general, we require a minimum amount of \$50,000 to open and maintain an advisory Account or enter into a financial planning agreement. This amount is negotiable at our discretion.

### Subadvisor/Private Fund Services

Certain Subadvisors or Private Funds may impose a minimum amount of \$100,000 (or higher) to open and maintain an advisory relationship.

### IMA Direct Services

Clients eligible to enroll in the IIP include individuals and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the IIP. The minimum account balance to enroll in this program is \$5,000.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you: fundamental analysis, modern portfolio theory and quantitative analysis.

#### Fundamental Analysis

Fundamental analysis involves analyzing a company's income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may misprice a security in the short run, however, that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and company developments may result in significant price fluctuations that can lead to investor losses.

#### Modern Portfolio Theory

This investment philosophy refers to the process of seeking to reduce portfolio risk through systematic diversification across and within various asset classes. Implementation of the modern portfolio theory often emphasizes the analysis of mutual funds and ETFs, and the fund managers in the selection of investments to comprise portfolios, with additional consideration of market and economic factors when

considering the specific allocations and weightings within each portfolio, as well as decisions affecting changes in portfolio investments, allocations, and weightings.

### **Quantitative Analysis**

Quantitative analysis is used to attempt to identify trading patterns, build models to assess those patterns, and use the information to help determine the direction of securities.

### **Mutual Fund and ETF Analysis**

In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the mutual funds in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds to determine whether the client is receiving adequate value for these fees and expenses.

A risk of our mutual fund and ETF analysis is that, as in all investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds in a client's Account may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the client's portfolio. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client Accounts. Your Custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. A description of some, however not all of the types of securities we may recommend to you and some of their inherent risks are provided below.

*Mutual Funds and Exchange Traded Funds:* Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns.

*Municipal Securities:* Municipal securities, while generally thought of as safe, can have significant risks associated with them including the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

*Bonds:* Corporate debt securities (or "bonds") are typically safer investments than equity securities, however their risk can also vary widely based on the financial health of the issuer, the risk that the issuer might default, when the bond is set to mature, and whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

## **Subadvisors & Private Funds**

For Subadvisors and Private Funds, our Investment Committee selects and evaluates the Fund Sponsor or Subadvisor in making the recommendation to the client and is responsible for conducting ongoing monitoring of the Fund Sponsor or Subadvisor.

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise the client regarding allocation of their assets among the Fund Sponsors or Subadvisors, and allocation of assets among various classes of securities.

The Investment Committee will consider, however does not rely on exclusively, any research or performance information provided by the Fund Sponsor or Subadvisor in reaching the decision to recommend a Fund Sponsor or Subadvisor.

Sponsors represent they follow screening and evaluation processes that focus on quantitative factors such as historical performance and volatility, as well as factors such as a manager's reputation and

approach to investing.

We ask Fund Sponsors and Subadvisors to provide any available information verifying their performance or other results and comparing it to other data from publicly available sources, as well as through proprietary technical, quantitative, and qualitative analyses, including attribution analysis and risk analysis.

We do not audit, verify, or guarantee the accuracy, completeness, or methods of calculating any historic or future performance or other information provided by a Fund Sponsor or Subadvisor. There is no assurance that the performance or other information from a Fund Sponsor or Subadvisor, or other source is or will be calculated on any uniform or consistent basis or has been or will be calculated according to or based on any industry or other standards.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

*Business Risk:* The risk that the price of an investment will change due to factors unique to that company, investment, or market segment and not the market in general.

*Leverage Risk:* The risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

*Market Risk:* The risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

*Liquidity Risk:* The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all.

*Credit Risk:* Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

*Event-Based Risks:* These are risks of events the market has not anticipated, known as "Black Swans." A Black Swan event is an event that is unprecedented or unexpected at the point in time it occurs, and which can cause large market dislocations.

*Inflation and Interest Rate Risk:* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

*Market Volatility Risk:* The prices of securities may be volatile. Price movements of securities in which IMA Wealth invests are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and

U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

*Horizon and Longevity Risk:* The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

#### *Other Risks*

We will receive our advisory fee regardless of the actual performance of any Fund Sponsor and their underlying investments. Although we do not manage the Private Funds, our entitlement to this non-performance-based compensation might reduce our incentive to devote adequate time and effort to conduct adequate research and analysis to select Private Funds that will meet performance expectations.

Questions regarding these risks may be directed to us as well as the Fund Sponsors. Investors should also review the Private Fund offering documents for further information.

## **Item 9 Disciplinary Information**

Not applicable.

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

We are registered with the SEC as a broker-dealer and are a member of FINRA. We are also an insurance agency. Some of our principal executive officers are also engaged in the management of broker-dealer and insurance agency business. These individuals spend as much as 10% of their time involved in broker-dealer and insurance agency business. Our associated persons are typically registered both as an investment advisor representative and as a FINRA registered representative and licensed in one or more states as an insurance agent.

Our representatives make available products for qualified and non-qualified employer-sponsored retirement plans (such as 401(k) plans) as the plan's broker of record. Life, health, disability, and long-term care insurance are also made available to our clients.

We do not buy or sell securities as principal or as agent for investment advisory and consulting services clients. All securities transactions for your account are executed through and held in an account established by you with a custodian.

We can recommend other investment advisers for our clients. For this referral, we will receive a portion of the fee paid to the other advisor for the referral. Clients should understand this payment and associated conflict when considering whether to invest with the other investment adviser. The payment provides an incentive to recommend the other adviser based on the share of fees received rather than based solely on the client's investment needs.

Our employees are also appointed as agents by various life insurance companies and licensed to sell life, health, and annuity products. As such, these employees may recommend that a client (in his or her separate capacity as an insurance customer) buy insurance products which are entirely separate

from investments made for the client's managed account. For these separate insurance recommendations, the employees will receive customary insurance compensation. Clients, however, are not under any obligation to engage these employees when considering implementation of insurance recommendations.

The possibility of receiving additional compensation from selling insurance products to a client provides an economic incentive for an employee to recommend these products based on the compensation to be received rather than on a client's investment needs. This is a conflict of interest that clients should consider.

We have adopted the following steps to address this conflict of interest in this situation:

- we disclose the existence of the conflict of interest that arises from the incentive an employee has to earn additional compensation from recommending the purchase of insurance products over and above the advisory fees we receive, and we endeavor to act consistent with our fiduciary duty;
- we disclose to clients they have the right to decide whether or not to act on such recommendations;
- we request clients to provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and we conduct regular reviews of account investments;
- we require that our employees seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask employees to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

IMA is the parent company of IMA Wealth. IMA has numerous subsidiary corporations which are engaged in retail and wholesale insurance operations. If you need professional insurance services for yourself or your business, we will refer you to IMA and its subsidiaries. Should insurance products be purchased as a result of this referral, our associated persons could be eligible to receive a percentage of the commissions generated by these sales. You are not obligated in any way to use IMA and its subsidiaries to purchase insurance products.

Individuals employed by IMA may receive compensation for referrals to us. These referrals and payments are made pursuant to agreements between IMA Wealth and such individuals. As stated above, you are not obligated to use IMA and its subsidiaries to purchase insurance products if you are a client of IMA Wealth as a result of such referral.

Referrals made by our associated persons will be made in accordance with our privacy policy. We will not disclose your personal information unless it is (1) required by law; (2) at your direction, or (3) permitted by law and necessary to provide you with our services.

Please see Item 14 ("Client Referrals and Other Compensation") for information about other referral arrangements between us and our affiliates.

### **Recommendation of Other Advisers**

We receive our advisory fees, as provided according to the Advisory Agreement, for our supervision of Subadvisors or Private Funds. While we do not receive other direct compensation from Fund Sponsors or Subadvisors, we do derive economic benefits from having the Fund Sponsors and Subadvisors available to present to prospective clients, and from which we are able to attract new clients and retain

existing clients. As such, we have an incentive to recommend Fund Sponsors and Subadvisors based on our interests in continuing to benefit from using this tool, rather than whether the Fund Sponsor or Subadvisor is suited to the client's investment needs.

Clients are not obligated, contractually or otherwise, to use the services of any Fund Sponsor or Subadvisor we recommend. We rely on the steps listed above to assist us to address these risks.

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

### **Description of Our Code of Ethics**

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary responsibilities to our clients, and our procedures in supervising the personal securities transactions of our supervised persons who have access to information regarding client recommendations or transactions ("access persons").

A copy of our Code of Ethics is available to our clients and prospective clients. You may request our Code of Ethics by contacting us at the number listed on the cover page of this brochure.

We owe a duty of loyalty, fairness, and good faith towards our clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics however also to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of our access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by our access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

Our Code also provides for oversight, enforcement, and recordkeeping provisions. Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where we reasonably believe the interests of our clients will not be materially adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the client even at the personal expense of our employees.

Our Code of Ethics prohibits the misuse of material non-public information. While we do not believe that we have any access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity. IMA Wealth and its principals, officers, affiliates, employees, and advisors may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner, or stockholder of one or more investment partnerships or other businesses, subject to compliance with our Code of Ethics. In doing so, IMA Wealth or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Protecting the confidentiality of our clients' nonpublic information is important to us. We have instituted policies and procedures to ensure that nonpublic customer information is kept confidential. We do not disclose nonpublic personal information about our clients or former clients to any non-affiliated third parties, except as provided pursuant to our privacy policies or as required by or permitted by law. In the course of servicing a client's Account, we may share client information with service providers, such as custodians, transfer agents, accountants, and attorneys.



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

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## **Item 12 Brokerage Practices**

### **Factors in Recommending Custodians and Brokers**

We seek to recommend a custodian and broker who will hold your assets and execute transactions that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- combination of transaction execution services and asset custody services (generally without a separate fee for custody services);
- breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.);
- capacity to execute, clear and settle trades (buy and sell securities for your Account);
- capacity to facilitate transfers and payments to and from your account (wire transfers, check requests, bill payments, etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices;
- reputation, financial strength and stability;
- prior service to us and our other clients; and
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

We have evaluated Schwab and have determined, based on our experience with them, they offer clients an excellent blend of services and reputation, competitive total cost, and access to mutual funds otherwise not available to us or our clients.

Schwab generally does not charge you separately for custody services however is compensated by charging you commissions or other fees on trades they execute or settle into your account.

We may not be able to accept clients who wish to utilize other custodians.

Clients enrolled in IMA Direct are required to use Schwab as their custodian.

Schwab commission rates were negotiated based on the condition that our clients collectively maintain a total of at least \$230 million of their assets in Schwab accounts. In addition, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker dealer.

### **Products and Services Available to Us Through Schwab**

Schwab Advisor Services™ (“SAS”) is Schwab’s business that serves independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. They also make available various support services. Some of these services help us manage or administer our clients’ accounts. Others help us manage and grow our business. These support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us provided that our clients collectively maintain a total of at least \$10 million of their assets at SAS. If our clients collectively have less than \$10 million at SAS, SAS can charge us quarterly service fees of \$1,200 (SAS).

Here is a more detailed description of support services made available by SAS:

*Services That Benefit You:* Institutional brokerage services available through SAS include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through SAS include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You:* SAS also makes available to us other products and services that benefit us however may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both from Schwab as well as third parties. This research is used to service all or a substantial number of our clients' accounts, including accounts not maintained at SAS. In addition to investment research, SAS also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations or account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting

*Services That Generally Benefit Only Us:* SAS also provides other services intended to help us manage and further develop our business enterprise. These services include:

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

SAS provides some of these services themselves. In other cases, SAS arranges for third-party vendors to provide the services to us. SAS also discounts or waives fees for some of these services or pays all or a part of a third-party's fees for us. SAS also provides us with other benefits, such as occasional business entertainment of our personnel. SAS has provided us with a discount on software solutions made available through Schwab Performance Technologies®. This discount allows us to obtain this software at a reduced fee.

### **Our Interest in Schwab Services**

The availability of these services from SAS benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab services if a total of at least \$10 million of our clients' account assets are maintained with SAS. Beyond that, these services are not contingent upon IMA Wealth committing any specific amount of business to SAS in trading commissions or assets in custody. This minimum asset requirement could give us an incentive to request that you maintain your account with Schwab, based on our interest in receiving services from SAS that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our request to choose SAS as custodian and broker is in the best interest of our clients. Our recommendation is primarily supported by the scope, quality and price of these services and not the services that benefit only us. Given the amount of our client assets under management as shown in Item 4 of this Brochure, we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab to avoid paying quarterly service fees to Schwab presents a material conflict of interest.

**Institutional Intelligent Portfolio Platform Services**

We also offer an automated investment program ("IMA Direct") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of ETFs and a cash allocation. Your portfolio is held in a brokerage account opened by you at Schwab. We use the Institutional Intelligent Portfolios® ("IIP") platform offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of Schwab, to operate the IIP. We are not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates. We, not Schwab, are your advisor and primary point of contact with respect to the IIP. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the IIP for you, choosing a suitable investment strategy and portfolio for your investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the IIP, which consists of technology and related trading and account management services for the IIP.

The IIP enables us to make IMA Direct available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine participating clients' investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to answers to the online questionnaire. You may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about you. The System also includes an automated investment engine through which we manage portfolios on an ongoing basis through automatic rebalancing and tax-loss harvesting (if you are eligible and elect this feature).

We charge clients a fee for our services as described above under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the IIP. Schwab does receive other revenues in connection with the IIP.

We do not pay SPT fees for the IIP so long as we maintain \$100 million in client assets in accounts at Schwab that are not enrolled in the IIP. If we do not meet this condition, then we pay SPT an annual licensing fee for IIP of 0.10% (10 basis points) on the value of our clients' assets in the IIP. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the IIP be maintained with Schwab.

**Subadvisor Brokerage Considerations**

The details of each Subadvisor program must be considered individually with respect to the costs and other considerations involving the execution of trades for the client's account; depending on the Subadvisor program, different arrangements will affect which broker-dealer will execute trades for the client's account, whether the program is a wrap fee arrangement, and whether Subadvisors are permitted to place trades "away" with non-program broker-dealers that will charge additional transaction charges, typically, when the Subadvisor believes by doing so it has an opportunity (however not a guarantee) to obtain a more favorable price.

Clients should discuss the terms of their specific Subadvisor program with their individual advisor. Current Subadvisor programs permit Subadvisors to place trades away with few controls on the additional costs to the client. While we will request information regarding trade-away costs and practices, there is a risk we may not be able to identify when trade away activities are occurring, or the extent of such activities. Subadvisors may provide information from which it is difficult to determine whether their trade away activities have been reasonable. Clients should monitor their confirmations and account statements carefully.

**Directed Brokerage**

We do not permit directed brokerage.

**Aggregated Trades**

We typically aggregate together purchases or sales of the same security for multiple Accounts. We are not, however, obligated to aggregate purchases and sales. When we do aggregate orders, all Accounts included in a block trade participate at the average share price. Each account participating in a block trade will share in transaction costs equally and on a pro-rated basis. Block trading allows us to execute transactions in a more timely and equitable manner, as detailed below. Clients participating in block trades do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by-transaction basis.

Clients with non-discretionary accounts or who place certain restrictions on discretionary accounts sometimes experience delays in order execution as compared to clients with unrestricted discretionary accounts.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the clients of a particular advisor, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, or a desire to avoid “odd lots” (an amount of a security that is less than the normal unit of trading for that security).

Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the IIP, including accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

**Trade Error Policies**

From time to time, we make an error when submitting a trade order on your behalf. When this happens, we typically work directly with Schwab’s trading desk to correct the trade error. This is done within the Account in which the trade occurred.

Per Schwab’s trade error policy, they will donate the amount of any gain \$100 and over to charity. Schwab will retain the loss or gain (if the gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If a loss occurs greater than \$100, we will receive an invoice for the amount of the loss.

IMA Wealth, if needed, will utilize our error account to correct the trade for your Account.

**Class Action Lawsuit Filings**

We have entered into an arrangement with Chicago Clearing Corporation (“CCC”) to provide you with a service that automatically files your forms for securities class-action lawsuits. The fee you would pay for services provided by CCC is 20% of any amount collected. The service fee is paid entirely by you, and it is deducted from the amount collected by CCC on your behalf. The award is paid directly to you by CCC after they have deducted their 20% fee. The entire amount you pay for this service stays with CCC; we do not receive any share of the fee collected by CCC, nor do we receive any revenue in exchange for making this service available to you. You do not pay any fee to sign up for this service. You will not owe anything whatsoever to CCC until CCC collects an award on your behalf.

We will furnish to CCC the holding information for clients who choose to use this service.

You are not required to participate in this service. You can choose to handle your own securities class

action claims and receive 100% of any awards payable to you. Clients who opt-out of this service agree to research, document, and submit their own class action lawsuit claims. New clients can opt-in by signing an authorization form when that we enter into an investment advisory arrangement with you. You can discontinue this service at a later date by contacting our office the number found on the cover page of this brochure. Class action lawsuit claim information already received by CCC could continue to be processed by their firm following receipt of your service discontinuation notification.

## **Item 13 Review of Accounts**

### **Account Reviews**

Account investments are reviewed continuously by our Investment Committee. The Investment Committee also conducts periodic evaluations of the portfolio for consistency with investment objectives and restrictions, and with the Account's stated objectives and strategy.

While the investments within Accounts are continually monitored, the Accounts are reviewed at least annually in the context of each client's stated investment objectives and guidelines. More frequent reviews can be triggered by significant market or economic factors, or if we are notified of changes in the client's financial situation, large withdrawals or significant deposits, or changes in the Account investment objectives, liquidity needs, or risk tolerance. An Account review is done by the individual advisor assigned to the client Account(s). The Investment Committee will be responsible for overseeing all reviews.

Generally, Financial Planning or Consulting Services do not include reviews, unless specifically included in the client's Advisory Agreement. Extended Planning Services clients receive on-going account reviews through frequent meetings with their individual advisor and (approximately) annual account reviews, as the client and individual advisor mutually agree.

For clients whose account is being managed by a Subadvisor, the Investment Committee monitors the Subadvisory account for consistency with target investment characteristics and restrictions, suitability for the client's broader portfolio, and control over of transaction fees and expenses, including any trade away expenses and evaluation of best execution.

### **Client Reports**

Clients will receive account statements directly from their Custodian on at least a quarterly basis showing all transactions in their Account during the reporting period. Clients should review the Custodian's statements carefully. We provide quarterly reports regarding client Accounts which provide information detailing Account debits, credits, receipts, deliveries, and positions as part of our advisory services. If a client receives a report, which refers to the value of an asset also shown on a Custodian's statement, we urge the client to compare the information with the statement they receive from the Custodian and contact us immediately if any discrepancies are found. Financial Planning Services clients receive a written financial plan or report from us only if agreed upon in the planning agreement.

Clients engaging a Subadvisor will receive monthly or quarterly account statements from the custodian of the Subadvisory account(s); and will receive reports from the Subadvisor, if agreed in the Subadvisor Agreement.

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

### **Client Referrals**

Some of our affiliated individuals also earn compensation based on (1) acquisition and retention of investment advisory client assets under management and (2) advisory fees paid to IMA Wealth. Should referred clients decide to hire us, these individuals will receive compensation. This is a conflict

of interest because these affiliated individuals have an economic incentive to recommend our advisory services.

### **Economic Benefit from Schwab**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts with Schwab. The availability to us of Schwab's products and services is not based on us giving advice concerning any particular investment, such as buying particular securities for our clients.

### **Referral Arrangements with Third Parties**

We can recommend other investment advisers for our clients. For this referral, we will receive a portion of the fee paid to the other advisor for the referral. Clients are advised of this payment when considering whether to invest with the other investment adviser. The payment provides an incentive to recommend the other adviser based on the share of fees received rather than based solely on the client's investment needs.

## **Item 15 Custody**

The client's independent Custodian will directly debit Account(s) for the payment of advisory fees. This ability to deduct the client's advisory fees from client Accounts means we have "limited" custody over client funds or securities. We do not have physical custody of any of client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other qualified custodian. Clients will receive account statements directly from their Custodian on at least a quarterly basis showing all transactions in their Account during the reporting period. The Account statements from the client's Custodian(s) will indicate the amount of our advisory fees deducted from client Account(s) each billing period. Clients should review the Custodian's statements carefully.

If a client receives a report from us which refers to the value of an asset also shown on a Custodian's statement, we urge the client to compare the information with the statement they receive from the Custodian and contact us immediately if any discrepancies are found.

### **Third-Party Authorizations**

Clients may provide the Custodian a written instruction authorizing us to direct transfers to a specified third party, either on a set schedule or from time to time, subject to certain regulatory requirements. As a result of this limited authority, we will be deemed to have custody of the client's assets, however we are not required to engage an independent CPA to conduct a surprise verification of the Account assets as long as we meet the following criteria:

1. Clients provide a written, signed instruction to the qualified Custodian that includes the third party's name and address or account number at a Custodian;
2. Clients authorize IMA Wealth in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. The Custodian verifies the client's authorization (e.g., signature review) and provides a transfer of funds notice to clients promptly after each transfer;
4. Clients can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to IMA Wealth nor located at the same address as IMA Wealth; and
7. The Custodian sends clients, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16 Investment Discretion

Investment guidelines and restrictions must be provided to us in writing. We usually receive discretionary authority from our clients at the beginning of an advisory relationship. Clients sign a limited power of attorney directing their Custodian to accept instructions from us to purchase and sell securities in the client's Account. This discretionary authority includes securities selection as well as determining the amount of securities to be bought or sold. This discretionary authority is to be exercised by our firm in a manner consistent with the stated investment objectives for the particular client relationship.

We will also allow clients to place reasonable restrictions on their discretionary accounts. Typical restrictions include:

- restriction on the sale of specific low-basis holdings held in the client's Account; and
- prohibition on investment in one or more specific securities.

We prefer to manage advisory accounts on a discretionary basis however will occasionally accept non-discretionary Accounts. Clients who establish non-discretionary Accounts or who place certain restrictions on discretionary Accounts may experience delays in order execution as compared to clients with unrestricted discretionary Accounts.

Clients who wish to have their assets managed by a Subadvisor should understand that the accounts are managed on a discretionary basis, on terms established by the Subadvisor.

## Item 17 Voting Client Securities

We typically agree to vote proxies for portfolio securities as a courtesy to our clients. We have adopted policies and procedures designed to ensure that proxies are voted in the client's best interest. We vote proxies related to securities held by investment supervisory services clients who provide us with specific, written authority to do so. This service is available for all managed accounts held at our approved Custodian. This written authority is provided in our Advisory Agreement and through written instruction to your Custodian.

We have engaged proxy advisory firm to assist us with voting all of our clients' proxies. The proxy advisory firm provides an electronic vote management system which allows: (1) population of each client's votes shown on the proxy advisory firm's electronic voting platform with the firm's recommendations ("pre-population"); and (2) automatic submission of the client's votes to be counted ("automated voting"). Pre-population and automated voting generally occur prior to the submission deadline for proxies to be voted at the shareholder meeting.

In the course of reviewing proposals subject to a proxy vote, our firm may become aware that a company that is the subject of a voting recommendation by the proxy advisory firm intends to file or has filed additional soliciting materials with the SEC describing the company's views regarding the voting recommendation. These materials may (or may not) reasonably be expected to affect our voting determination. Such materials may become available after or around the same time that our votes have been pre-populated with the proxy advisory firm however before the submission deadline for proxies to be voted at the shareholder meeting.

Our proxy voting policies contemplate the possibility of issuer materials being made available after we submit to the proxy advisory firm information for client proxy votes, however before the submission deadline for proxies. These procedures include assessing pre-populated votes shown on the proxy advisory firm's electronic voting platform and considering additional information that may become

available before the relevant votes are cast. We also review our processes for monitoring and assessing information alerts informing us of additional soliciting materials (or updates from the proxy advisory firm that such materials are available). Depending on the facts and circumstances, including the complexity of the additional submitted materials, the timing of the notice we receive of such materials, and the deadline for voting, we may (or may not) have the ability, in the exercise of our fiduciary obligation, to consider and respond by changing previously set votes.

Please contact our office to receive a report of how your proxies were voted or a copy of our complete proxy voting policies and procedures (see cover page for contact information).

If you choose to vote your own proxies, the solicitation materials will be delivered directly to you by your custodian (or by a third-party agent through an arrangement with your custodian).

Clients who wish to have their assets managed by a Subadvisor or who participate in a Private Fund, should understand that the proxy voting policies for those assets are based on terms established by the Subadvisor or the Private Fund.

## **Item 18 Financial Information**

Not applicable.