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This Disclosure Brochure (Form ADV Part 2A) provides information about the qualifications and business practices of Institutional and Family Asset Management, LLC, dba IFAM Capital (hereinafter “we”, “IFAM,” “IFAM Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact IFAM at 970-530-5021. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a federally registered investment adviser. Registration does not imply a certain level of skill or training.

## Item 2. Material Changes

SEC-registered investment advisers are required to provide their clients with a summary of material changes made to their Form ADV 2A brochure ("Brochure") since the last annual updating amendment and offer to provide the entire Brochure free of charge. Since our previous annual updating amendment, on March 31, 2022:

- Our affiliate Kovitz Investment Group Partners has begun to refer clients to us for retirement plan services. Item 14 has been revised in light of this change.
- We have revised the description of our arrangements with unaffiliated solicitors in Item 14, in light of new requirements under Rule 206(4)-1 under the Advisers Act.
- The following language has been added to our Wealth Management Agreement with our clients.

*Adviser Liability. The federal and state securities laws impose liability under certain circumstances on investment advisers even when acting in good faith, and nothing in this Agreement shall waive or limit any rights that you may have under those laws. Except as otherwise provided by law, neither we nor any of our employees, affiliates, representatives or agents shall be liable for: (a) any investment loss that you may suffer by reason of any investment decision made or not made or any other action taken or omitted in good faith by us with that degree of care, skill, prudence, and diligence that a person acting in a fiduciary capacity would use under the circumstances; (b) any loss arising from our adherence to your written and/or oral instructions; (c) any act or failure to act by the Custodian, any Broker-Dealer to which we direct transactions for the Account, or by any other non-party to this Agreement; and/or (d) any loss that you may suffer by reason of any decision made or other action taken by any External Manager. If the assets we are managing under this Agreement are only a portion of your total assets, we will not be responsible for (a) any of your assets that we are not managing under this Agreement; or (b) diversifying all of your assets.*

- In August 2022, the CRS was updated to disclose that we offer clients the option of obtaining certain financial solutions from unaffiliated third party financial institutions with the assistance of our affiliates, Focus Risk Solutions and Focus Treasury & Credit Solutions and to disclose incentives created by that arrangement. It was also updated to expand the insurance compensation received by our registered representatives to include commissions from sales of fixed annuities.

We have made other minor revisions to the brochure. Clients are encouraged to read the Brochure in its entirety. Clients can obtain a free copy of our Brochure at any time by contacting us at 970-530-5021 or by email at kim@ifamcapital.com.

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#### **Item 4. Advisory Business**

IFAM is the successor firm of IFM Capital Advisors, LLC, and has been a federally registered investment adviser since October 28, 2014.

##### **Focus Financial Partners, LLC**

IFAM Capital is part of the Focus Financial Partners, LLC ("Focus LLC") partnership. Specifically, IFAM Capital is a wholly owned subsidiary of Focus Operating, LLC ("Focus Operating"), which is a wholly owned subsidiary of Focus LLC. Focus Financial Partners Inc. ("Focus Inc.") is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the "Focus Partners"), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV.

##### **Advisory Services**

We provide holistic and personalized financial planning, wealth management and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, and entities, including retirement plans.

##### **Financial Planning and Consulting Services**

IFAM provides a variety of basic and comprehensive financial planning and consulting services to clients. Our planning and consulting services include cash flow analysis, investment planning, retirement planning, estate planning, personal savings, educational savings, and other areas relevant to a client's financial situation. Financial planning services generally are included in the wealth and investment management services we provide to our clients. When providing planning services, we are not serving as attorneys or accountants.

##### **Wealth Management Services**

We seek to evaluate a client's current financial situation and offer investment management services which are aligned with the client's goals and circumstances.

We manage client assets in accordance with models which are designed for a range of client investment objectives and risk tolerances. We allocate assets primarily among various mutual funds, exchange-traded funds (ETFs) and a third party manager of separately managed accounts. We are additionally the investment manager for two strategies described below, for which we charge a Strategy fee.

Clients may also engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, we direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

The order management system that we use for some held away retirement plan accounts is provided by Pontera Solutions, Inc. We review, monitor and manage these held away accounts in an integrated way with the client accounts held at our primary custodian. Further information about this service is available in Item 5.

We tailor our advisory services to meet the needs of its individual clients and seek to manage client in a manner consistent with those needs and objectives. Clients are advised to promptly notify the Firm if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Investment Management Services**

We offer two equity strategies with options overlay components:

- A. IFAM Strategic Income Portfolio Strategy ("Strategic Income"). Our Strategic Income strategy invests in 50 Large Cap Dividend Growth stocks. We implement an equity collar and sell calls against the stocks in an effort to manage equity risk and generate income from the portfolio.
- B. IFAM Dynamic Income Portfolio Strategy ("Dynamic Income"). Our Dynamic Income strategy invests in commodity and global equity market index funds. We then sell calls against those index funds to produce income within the strategy.

### **Focus Risk Solutions (FRS)**

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

### **Focus Treasury & Credit Solutions (FTCS)**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see Items 5 and 10 for a fuller discussion of these services and other important information.

## **Retirement Plan Consulting Services**

We provide various consulting services to qualified employee benefit plans and their fiduciaries. This suite of services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. IFAM is able to act as a fiduciary and offer services to plans under ERISA Section 3(21) or 3(38). Each engagement is individually negotiated and customized and may include any or all of the following services: Plan Design and Strategy, Plan Review and Evaluation, Executive Planning & Benefits, Investment Selection (discretionary or non-discretionary), Plan Fee and Cost Analysis, Plan Committee Consultation, Fiduciary and Compliance and Participant Education.

IFAM Capital is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. IFAM Capital is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, IFAM Capital is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

As of December 31, 2022, IFAM had approximately \$1,468,654,612 in regulatory assets under management; approximately \$1,459,463,627 was managed on a discretionary basis and approximately \$9,190,985 was managed on a non-discretionary basis for approximately 792 total clients.

## **Item 5. Fees and Compensation**

IFAM offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management or advisement. Clients receiving similar services may be billed at different rates as fees are negotiable and/or dependent upon the specific nature of the agreement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer securities brokerage services and/or insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

As discussed above, standard financial planning and consulting services are included in the wealth and investment management services. For unusual or complex financial planning services, we charge fixed

fees which are determined on a case by case basis based upon the scope and complexity of the services and the professional rendering the planning and/or the consulting services. The terms and conditions of the financial planning and/or consulting engagement are set forth in the Consulting Agreement with the client.

### **Wealth Management Fees**

Wealth Management Fees, which range up to \$350,000 for fixed fees, and 200 basis points (2.00%) for asset-based fees, annually, are individually negotiated and largely determined by the scope and complexity of a particular engagement and the individual circumstances of the client. Fees are negotiable and do vary based on a number of factors determined by IFAM, in its sole discretion. These factors may include anticipated future earning capacity, anticipated future additional assets, and dollar amount of assets to be managed, assets in related accounts, account composition, pre-existing client relationships, account retention and *pro bono* activities. IFAM may choose to waive or discount fees for friends and family and does so in its sole discretion.

Wealth Management Fees are prorated and billed quarterly in advance, except for clients subject to Title 1 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA plans") which are billed quarterly in arrears. Our asset-based Fees are calculated using the market value of the assets on the last day of the previous billing period. Cash and accrued interest are included for billing purposes unless we determine otherwise, in our discretion. If assets are deposited into or withdrawn from an account after the inception of a billing cycle, the fee payable with respect to such assets is generally adjusted or prorated to account for the interim change in portfolio value. For the initial term, the fee is calculated on a *pro rata* basis. In the event the Wealth Management Agreement is terminated, the fee for the final month is prorated through the effective date of the termination and any unearned fee is refunded to the client.

For asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), IFAM may negotiate a fee rate that differs from the range set forth above.

For certain clients, we charge an advisory fee for services provided to the held away accounts mentioned above in item 4, just as we do with client accounts held at our primary custodian(s). The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

### **Investment Management Strategy Fees**

Clients whose accounts use managers to make individual investment management decisions for a portion of the assets in their portfolio pay a Strategy fee in addition to the Wealth Management fee. Strategy fees for third party managers range from 0.20% to 1.50%. IFAM's Strategy fees usually range from .70% to 1.00%.

We face a potential conflict of interest in recommending Strategic Income and Dynamic Income strategies to clients, because we receive both Wealth Management fees and strategy fees for those recommendations. This gives us an incentive to recommend that clients allocate their assets to these strategies over other investments that do not pay us both Wealth Management fees and strategy fees. That conflict is mitigated through this disclosure, regular evaluation of our performance and our belief that investing in the strategies is in the best interest of our clients. In addition, clients affirmatively choose to have their assets invested in these strategies.

### **Additional Fees and Expenses**

In addition to the Wealth Management fees and any strategy paid to IFAM, clients are responsible for the fees and expenses imposed by third parties in connection with investment of their assets. These may include fees, expenses, charges and taxes imposed by broker-dealers, exchanges and custodians for trading assets in client accounts and safekeeping of those assets. Clients are additionally responsible for the fees and expenses of investments advised by third parties, such as third-party investment advisors, and of mutual funds and exchange traded funds. Such fees, expenses, commissions and charges are exclusive of and in addition to our fees.

### **Retirement Plan Consulting Fees**

IFAM may charge a fixed project-based fee or asset-based fee to provide clients with Retirement Plan Consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor and memorialized in the Investment Advisory Agreement. These fixed project fees are negotiated with each plan client depending on the complexity and scope of the

engagement. In those situations where IFAM has agreed to charge an annual asset-based fee, the fee generally varies between 10 and 100 basis points (0.10% – 1.00%), depending upon the amount of assets to be managed and complexity of the engagement.

#### **Direct Fee Debit**

Clients generally provide IFAM and/or certain third party managers the authority to directly debit their accounts, via the qualified custodian, for payment of the investment advisory fees. In order to facilitate the direct fee debit, a balance of at least 2% of the account value is typically maintained in a money market instrument. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to IFAM. Alternatively, clients may elect to have IFAM send a separate invoice for direct payment.

#### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to IFAM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to IFAM, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. IFAM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

#### **Commissions and Sales Charges for Recommendations of Securities Transactions**

Certain of the Firm's advisory personnel are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS") a FINRA-registered broker-dealer and member of SIPC. These advisory personnel are registered with PKS primarily so that they can continue to receive distribution and service fees (trails) for sales of variable annuities and 529 plans they recommended while previously affiliated with a broker-dealer firm. Additionally, they may be compensated for additional purchases of variable annuities or fixed annuities recommended while affiliated with a broker-dealer firm.

The receipt of compensation for product sales is a conflict of interest, as it provides an incentive to recommend a transaction in order to be compensated rather than solely based on client needs. Moreover, clients may be able to obtain these products less expensively through sources other than PKS that do not generate compensation for the advisory person. IFAM addresses this conflict through this disclosure and does not charge advisory fees on assets where the Firm's advisory personnel, acting in their capacity as registered representatives, receive brokerage compensation (e.g., it does not "double dip"). IFAM additionally notes that clients are under no obligation to purchase securities products through PKS or Firm advisory persons, may choose brokers or agents not affiliated with IFAM or PKS, and in some cases clients can and do purchase products directly from fund companies without paying brokerage compensation.

#### **Focus Risk Solutions (FRS)**

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity. If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, then FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. Further information on this conflict of interest is available in Item 10 of this Brochure.

#### **Focus Treasury & Credit Solutions (FTCS)**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"). FTCS

is compensated by sharing in the revenue earned by such third-party institutions for serving our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the financial institutions or, for cash balances, a lowered yield. FTCS shares up to 25% of this earned revenue with us when we are licensed to receive such revenue or when no such license is required. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. Further information on this conflict of interest is available in Item 10 of this Brochure.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Firm does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

IFAM offers services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Requirements**

IFAM does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship but retains the discretion to decline any client engagement that is not a fit with our Firm. Certain third-party managers may impose more restrictive account requirements and billing practices from the Firm. In these instances, IFAM may alter its corresponding account requirements and/or billing practices to accommodate those of the third-party managers.

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

### **Methods of Analysis**

IFAM focuses on an asset allocation strategy further supported by in depth due diligence on the managers and funds selected to implement the portfolios. In developing strategies, IFAM utilizes mean-variance optimization, which aids in determining expected return and risk and helps determine the percentages of the asset allocation strategy.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For IFAM, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation, and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security or underlying strategy.

### **Investment Strategies**

We allocate assets primarily among various mutual funds, exchange traded funds (ETFs) and third party managers of separately managed accounts. We are additionally the investment manager for the Dynamic Income and Strategic Income Strategies.

We typically manage client assets in accordance with investment models. Beginning in 2019, we retained Fiducient Advisors (formally known as Dimeo Schneider) to serve as an external research consultant to our firm. Among other things, Fiducient Advisors provides us with recommendations regarding the construction of investment models and assists us with due diligence of investment recommendations.

### **Risks of Loss**

#### *Market Risks*

Investing involves risk, including the potential loss of principal invested, which clients should be prepared to bear. Certain risks, which are specific to the types of investments we recommend and to our business are described below.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF



shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Third Party Managers*

As stated above, IFAM may select certain third party managers to manage a portion of its clients' assets. In these situations, IFAM continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the third party managers' ability to successfully implement their investment strategies. In addition, IFAM generally may not have the ability to supervise the third party managers on a day-to-day basis.

#### *Use of Private Collective Investment Vehicles*

IFAM recommends that certain clients invest in or have portfolio exposure to privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities, including the risk of illiquidity. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Risks Associated with Trading Options*

Certain strategies where IFAM serves as the Manager center on the trading of options. The purchaser of an option, who has the right to buy or sell a security or other instrument at the agreed-upon "strike" price, risks the loss of premium payments required to purchase the option. The seller of an option, who has the obligation to deliver to the purchaser a security or other instrument at the agreed-upon "strike" price, under certain circumstances risks incurring substantial and immediate losses. Specifically, if the sellers' options are "uncovered" (meaning the seller does not own the underlying security), the seller could suffer huge losses by being required to acquire at market prices securities that are trading at prices vastly different than the agreed upon "strike" price, in order to deliver them to the purchaser. Moreover, sales of options are subject to the costs and risks of trading on margin.

#### *Index or Index Options*

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the position will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

### *Hedging Transactions*

Options may be used for risk management purposes. However, we may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. The use of hedging transactions may result in a poorer overall performance than if we had not engaged in any such transactions. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

### *Cybersecurity*

The computer systems, networks and devices used by IFAM Capital and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

The transmission of COVID and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, market volatility, disruptions to business operations, supply chains and customer activity and quarantines. With widespread availability of vaccines, the U.S. Centers for Disease Control and Prevention has revised its guidance, travel restrictions have started to lift, and businesses have reopened. However, the COVID pandemic continues to evolve and the extent to which our investment strategies will be impacted will depend on various factors beyond our control, including the extent and duration of the impact on economies around the world and on the global securities and commodities markets. Volatility in the U.S. and global financial markets caused by the COVID pandemic may continue and could impact our firm's investment strategies.

Although currently there has been no significant impact, the COVID outbreak, and future pandemics, could negatively affect vendors on which our firm and clients rely and could disrupt the ability of such vendors to perform essential tasks.

## **Item 9. Disciplinary Information**

IFAM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Registered Representatives of a Broker/Dealer**

Certain of the Firm's Supervised Persons are registered representatives of PKS and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Licensed Insurance Agents**

Certain of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that IFAM recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. We seek to recommend only insurance transactions which are in our clients' best interest regardless of any such affiliations.

## **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC ("Focus"). FRS acts as an intermediary to facilitate our clients' access to insurance products. FRS has agreements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity.

If FRS refers one of our clients to a Broker and there is a subsequent purchase of insurance through the Broker, FRS will receive a portion of the upfront and/or ongoing commissions paid to the Broker by the insurance carrier with which the policy was placed. The amount of revenue earned by FRS for the sale of these insurance products will vary over time in response to market conditions. The amount of insurance commission revenue earned by FRS is considered for purposes of determining the amount of additional compensation that certain of our financial professionals are entitled to receive. The amount of revenue earned by FRS for a particular insurance product will also differ from the amount of revenue earned by FRS for other types of insurance products. This revenue is also revenue for our and FRS's common parent company, Focus. Accordingly, we have a conflict of interest when recommending FRS's services to clients because of the compensation to certain of our financial professionals and to our affiliates, FRS and Focus. We address this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS's services will receive product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate, and may be higher than if the policy was purchased directly through the Broker without the assistance of FRS. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

## **Focus Treasury & Credit Solutions (FTCS)**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate, Focus Treasury & Credit Solutions, LLC ("FTCS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the "Network Institutions") that offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FTCS's cash management solutions. FTCS acts as an intermediary to facilitate our clients' access to these credit and cash management solutions.

FTCS receives a portion of the revenue earned by the Network Institutions for providing services to our clients. For non-mortgage loans, FTCS will receive up to 0.50% annually of outstanding loan balances. For mortgage loans, FTCS will receive a one-time payment of up to 1.00% of the mortgage loan amount, up to 0.50% annually of outstanding loan balances, or a combination of the two. FTCS's earned revenue is indirectly paid by our clients through an increased interest rate charged by the Network Institutions for credit solutions or reduced yield paid by the Network Institutions for cash management solutions. For clients of certain affiliates of Focus Financial Partners, LLC, FTCS has agreed to waive the earned revenue that it receives, which results in a lower interest rate on lending solutions or a higher yield on cash management solutions for those clients. The amount of revenue earned by FTCS for these financial solutions will vary over time in response to market conditions, including the interest rate environment, and other factors such as the volume and timing of loan closings. The amount of revenue earned by FTCS for a particular financial solution will also differ from the amount of revenue earned by FTCS for other types of financial solutions. FTCS in turn shares up to 25% of this earned revenue with us when we are licensed to receive such revenue or when no such license is required. Such fees are also revenue for our common parent company, Focus Financial Partners, LLC. Accordingly, we have a conflict of interest when recommending FTCS's services to clients because of the compensation [to us and] to our affiliates, FTCS and Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FTCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FTCS's services will receive

product-specific disclosure from the Network Institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend FTCS to provide credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage.

#### *Credit Solutions from FTCS*

For FTCS credit solutions, the interest rate of the loan is ultimately determined by the lender, although in some circumstances FTCS may have the ability to influence the lender to lower the interest rate of the loan. As noted above, FTCS's earned revenue is indirectly paid by you through an increased interest rate charged by the lender. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FTCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institutions outside the FTCS program. Because of the limited number of participating Network Institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the Network Institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

#### *Cash Management Solutions from FTCS*

For FTCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program. Before any interest is paid into client accounts, the Network Institutions and certain unaffiliated third-party service providers take their fees out, and the net interest is then credited to clients' accounts. The fees debited by the Network Institutions include FTCS's earned revenue. Engaging FTCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FTCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

### **Item 11. Code of Ethics**

IFAM has adopted a code of ethics ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. The Firm's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any

of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders. The Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients, a practice which presents potential conflicts of interest with clients. The Code of Ethics addresses these potential conflicts by imposing compliance, supervision and monitoring requirements related to personal securities trading. The Code of Ethics also requires certain of the Firm's personnel to report their personal securities. Clients and prospective clients may contact IFAM to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

IFAM generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodians (each, a "BD/Custodian") with which IFAM has an institutional relationship. Currently, this includes Fidelity ("Custodian") who is a "Qualified Custodian" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. The custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed by IFAM. If your accounts are custodied at a B/D Custodian, the B/D Custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to.

Factors which IFAM considers in recommending a B/D Custodian or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The custodian may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodian may be higher or lower than those charged by other Financial Institutions.

IFAM generally places portfolio transactions through the BD/Custodian where the clients' accounts are custodied. In exchange for using the services of the BD/Custodian, IFAM receives, without cost, computer software and related systems support that allows IFAM to monitor and service its clients' accounts maintained with such BD/Custodian.

### **Custodian benefits**

Custodians make available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist us in managing and administering client accounts. They may include investment research, both the Custodian's own and that of third parties. IFAM may use this research to service all or some substantial number of client accounts, including accounts not maintained at that B/D Custodian. In addition to investment research, Custodians also make available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and 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.

Custodians also offer 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 and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Custodians may provide some of these services themselves. In other cases, custodians will arrange for third-party vendors to provide the services to the Firm. Custodians may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Custodians may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

### **Best execution**

IFAM will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or services incidental to executing securities trades, including clearance, settlement and custody; and
- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

The Custodian provides to IFAM, without cost, research and trade execution services. The Custodian makes these services available to similarly situated investment advisers whose clients custody their assets with their firms. Access to research and trade execution services is not predicated on the execution of client securities transactions (e.g., not "soft dollars.") IFAM has not entered into any formal "soft dollar" arrangements with broker-dealers.

IFAM's clients may utilize qualified custodians other than Fidelity for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

#### **Brokerage for Client Referrals**

IFAM does not select or recommend broker-dealers in consideration for receiving client referrals. IFAM does not have any arrangements where IFAM directs brokerage transactions in exchange for client referrals.

#### **Client-Directed Brokerage**

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage IFAM to manage on a discretionary basis, IFAM has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by IFAM. In selecting a broker-dealer to execute a client's securities transactions, IFAM seeks prompt execution of orders at favorable prices.

A client, however, may instruct IFAM to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if IFAM exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- IFAM's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of IFAM's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because IFAM may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

In addition to accounts managed by IFAM on a discretionary basis where the client has directed the brokerage of his/her account(s), certain institutional accounts may be managed by IFAM on a non-discretionary basis and are held at custodians selected by the institutional client. The decision to use a particular custodian and/or broker-dealer generally resides with the institutional client. IFAM endeavors

to understand the trading and execution capabilities of any such custodian and/or broker-dealer, as well as its costs and fees. IFAM may assist the institutional client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out IFAM's investment recommendations.

#### **Trade Aggregation**

IFAM aggregates securities transactions, meaning the Firm purchases or sell the same securities for several clients at approximately the same time, when the Firm deems it advantageous to do so. IFAM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this process, transactions will generally be averaged as to price and allocated among IFAM's clients pro rata to the purchase and sale orders placed for each client on any given day.

#### **Trade Error Policy**

Any trade errors will be rectified to make the client whole, as if the error did not occur. IFAM has the responsibility to effect orders correctly, promptly and in the best interest of our clients. Should an error occur in the handling of a client transaction, IFAM seeks to identify and correct it as soon as possible without disadvantaging the client or benefitting IFAM in any way.

Trade error correction is handled in accordance with the policies of the client account custodian. Typically, errors are corrected through entries made in a trade error account when permitted by the custodian. IFAM will net gains resulting from correcting trades made in an error account against losses from entries correcting other trade errors made by other clients. To the extent any trade error gains remain at the end of the quarter, the full amount will be donated to a 501(c)(3) charity.

### **Item 13. Review of Accounts**

#### **Account Reviews**

IFAM's Investment Adviser Representatives attempt to review most accounts semi-annually but will do so no less than annually. Those reviews address the Firm's previous services and/or recommendations and the impact resulting from any changes in the client's financial situation and/or investment objectives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with IFAM and to keep the Firm informed of any changes thereto.

#### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from IFAM and/or an outside service provider for accounts with assets under management in excess of \$100,000, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from IFAM or an outside service provider.

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

#### **Other Compensation**

From time-to-time, we host client events for various purposes, including sharing of industry information, charitable events, and events which facilitate networking among IFAM, clients and industry participants. Industry participants and vendors have sponsored the events, which sponsorship gives them an opportunity to market their products and services to us and to their clients. This practice is a potential conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause IFAM to focus on those conference sponsors in the course of its duties. We mitigate the potential conflict through this disclosure, and by allocating the sponsorship fees only to defraying the cost of the events and not as revenue for IFAM. IFAM did not receive any sponsorships in 2022.

IFAM's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include IFAM Capital, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including IFAM. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including IFAM. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could

nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause IFAM to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including IFAM. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement. The following entities have provided conference sponsorship to Focus from January 1, 2022 to March 1, 2023: Orion Advisor Technology, LLC, TriState Capital Bank, StoneCastle Network, LLC, Charles Schwab & Co., Inc., BlackRock Inc., Fidelity Brokerage Services LLC, and Fidelity Institutional Asset Management LLC.

You can access a more recently updated list of recent conference sponsors on Focus' website through the following link: <https://focusfinancialpartners.com/conference-sponsors/>.

#### **Client Referrals**

IFAM has arrangements in place with certain unaffiliated third parties, called solicitors, under which such solicitors refer clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. Such compensation creates an incentive for the solicitors to refer clients to us, which is a conflict of interest for the solicitors. Rule 206(4)-1 of the Advisers Act addresses this conflict of interest by, among other things, requiring disclosure of whether the solicitor is a client or a non-client and a description of the material conflicts of interest and material terms of the compensation arrangement with the solicitor. Accordingly, we require the unaffiliated solicitors we engage to disclose to referred clients, in writing: whether the solicitor is a client or a non-client; that the solicitor will be compensated for the referral; the material conflicts of interest arising from the relationship and/or compensation arrangement; and the material terms of the compensation arrangement, including a description of the compensation to be provided for the referral.

#### **Referrals from Affiliate**

Kovitz Investment Group Partners, LLC ("Kovitz"), a Focus Partner, refers clients to us for retirement plan services. The affiliation between Kovitz and IFAM is disclosed to the plans Kovitz refers to us. Referred retirement plans engage IFAM directly in the same manner as retirement plans who were not referred by Kovitz.

#### **Item 15. Custody**

We have legal custody of advisory client assets when we have the right to debit advisory fees, when clients give us the authority to effect transfers to third parties pursuant to standing instructions to the client's account custodian, when we have password access to client accounts where we can effect a distribution from the account and when we deposit certain client checks.

The Wealth Management Agreement and/or the separate agreement with any Financial Institution generally authorize IFAM and/or the third party managers to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to IFAM.

In addition, as discussed in Item 13, IFAM may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from IFAM.

#### **Item 16. Investment Discretion**

IFAM may be given the authority to exercise discretion on behalf of clients. IFAM is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. The Firm is given this authority through a limited power-of-attorney included in the agreement between IFAM and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). IFAM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The third party managers to be hired or fired.



**Item 17. Voting Client Securities**

Clients have the option of choosing to delegate proxy voting authority to IFAM, whereby we avoid potential conflicts of interest in proxy voting by relying on the recommendations of Broadridge, an independent proxy advisory service. Clients who would like to know how their proxies were voted may contact us.

**Item 18. Financial Information**

IFAM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.