



**INTELLIGENCE DRIVEN ADVISERS, LLC  
("IDA")**

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**FIRM BROCHURE**  
(Part 2A of Form ADV)

**03/20/2024**

**Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of IDA. If you have any questions about the contents of this Brochure, please contact us at (888) 401-2083. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**IDA is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

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

## ITEM 2: MATERIAL CHANGES

The previous version of this Brochure was dated May 10, 2023. Below is a summary of the material changes made to the Intelligence Driven Advisers, LLC's ("IDA's" or the "Firm's") Brochure since the Brochure was last updated:

Item 12 – Brokerage Practices – IDA established an additional custodial relationship with Altruist Financial Services whereby clients can establish accounts via a fully digital account opening process, a variety of available investments, and integration with software tools.

Item 4 – Advisory Business – IDA established a relationship with Pontera who provides an Order Management System for IDA to manage "Held Away" accounts and place trades on behalf of our clients. These are primarily 401(k) accounts, HSA's, and other assets, all of which are held away and managed on a discretionary basis.

In addition to the above, other non-materials updates were made so IDA recommends that clients read the Form ADV Part 2A in its entirety.

Pursuant to SEC Rules, IDA will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as we experience material changes in the future, we will send you a summary of our "Material Changes," along with an offer to provide the Brochure under separate cover.

Additional information about IDA and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4: ADVISORY BUSINESS

### **Description of Firm**

IDA (also referred to herein as the "Firm") is an investment management firm founded in 2018, with its principal office located in Carlsbad, CA. In addition to our principal office, IDA has branch offices in various locations, including Murrieta, California, Scottsdale, Arizona, and Fort Worth, Texas. Please refer to our Form ADV Part 1 for a complete list, along with contact information.

As further detailed in Item 4.B. below, IDA offers discretionary investment management, financial planning, and consulting services to individuals, qualified and non-qualified pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, business entities, Private Placement Insurance companies, Eleemosynary Organizations, and Native American Sovereign Nations & Organizations. Some of the investment instruments IDA advises its clientele on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, treasuries, certificates of deposits, and affiliated and unaffiliated private funds ("Private Funds"). The Firm is a limited liability company registered with the SEC and has made notice filings in applicable states.

IDA's majority owner is Labrum Wealth Management, LLC<sup>1</sup> which is 100% owned by Mr. Jason R. Labrum, who serves as IDA's Founder & CEO. Please refer to Schedule A in Form ADV Part 1 for details on ownership of IDA.

### **A. Types of Advisory Services Offered**

IDA provides the following types of advisory services: Financial Planning, Investment Management, and Consulting Services, all of which are more fully described below.

#### **Financial Planning Services**

Through the financial planning process, the IDA team strives to engage our clients in conversations around each clients' financial goals, objectives, priorities, vision, and legacy – both for the near term as well as for the future. With the unique goals and circumstances of each client in mind, IDA will offer wealth planning ideas and strategies to address the client's holistic financial picture. IDA does not provide tax or legal advice. However, IDA does have an affiliated certified public accounting (CPA) firm, IDA Tax, LLC ("IDA Tax"), that we recommend to clients for tax planning and preparation services. Please refer to Item 10 below for further details. We also will work with your independent tax and/or legal advisor (CPA and/or Estate Attorney) to help create a plan tailored to your specific needs. When relying on information from others, IDA is not liable for errors in the information provided and is not required to independently verify the information provided.

Our specific services in preparing your financial plan may include, depending on client needs:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and goals-based financial modeling.
- Creation of a unique asset/liability configuration matched to your financial goal(s).

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<sup>1</sup> Labrum Wealth Management, LLC was an SEC registered investment adviser from 2009 to 2019.

- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.

Risk management is at the core of our investment philosophy. The objective is to achieve the targeted return needed to fund the client's financial goal with the least amount of risk.

IDA provides specific financial planning recommendations to clients, which are usually outlined in a written financial plan. The plan is reviewed annually or as needed.

Depending on the needs of a client, IDA will suggest the services of certain professionals, including the Firm and certain affiliates, to implement recommendations made by IDA. Clients should be aware that this creates a conflict of interest since the Firm and its affiliates would receive compensation should a client engage them, which gives IDA an incentive to provide such recommendations. To mitigate this conflict, clients are free at all times to accept or reject any or all financial planning recommendations made by the Firm and retains the authority and discretion on whether or not to implement any or all of IDA's recommendations. Clients also are free to implement IDA's recommendations with any professional(s) of their choosing.

Clients that decide to use IDA for investment management services and/or IDA Tax for tax services will be required to enter into separate agreements.

### **1. Investment Management Services**

We are committed to helping clients build, manage, and preserve their wealth, and to provide assistance that helps clients achieve their stated financial goals. IDA provides clients with ongoing Investment Management Services, which are performed on a discretionary basis. Prior to engaging IDA to provide Investment Management Services, the client is required to enter into an Investment Advisory Agreement with the Firm setting forth the terms and conditions of the engagement, including the specific scope of the services to be provided. In addition, each client completes a Client Profile setting forth important information related to the client's investment goals and financial objectives, among other things.

Clients are responsible for promptly notifying IDA in writing of any material changes in the information furnished by the client in the Client Profile or information that is otherwise material to the client's financial situation, investment objectives, time horizon, risk tolerance and investment strategy or if they wish to impose any reasonable restrictions upon IDA's management services. In the event that a client notifies IDA of changes to the information in their Client Profile, IDA will review such changes and implement in the case of a discretionary account, any necessary changes to the client's portfolio. IDA meets with clients periodically to review the client's investment goals and current advisory portfolios.

Where appropriate, we provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage us to advise on certain investment products that are not administered or recommended by IDA, such as assets held in employer sponsored retirement plans, qualified tuition plans (i.e., 529 plans), life insurance and annuity contracts.

Clients are advised and are expected to understand that our past performance is not a guarantee of future results. Also, that certain market and economic risks may exist that adversely affect an account's performance, and this could result in capital losses in a client's account.

The Firm's investment management services are divided into two types: IDA Strategy Portfolios, and IDA Custom Account Management. In addition, IDA offers Retirement Plan Solutions for plan sponsors. Each type of offering is described further below.

### **IDA Model Portfolios**

IDA uses low cost, institutional share mutual funds, exchange traded funds ("ETFs"), and other investments to formulate a series of asset allocation model portfolios with objectives ranging from capital preservation to aggressive growth, which are then constructed by the Firm's Investment Committee ("IC") based on volatility and risk considerations. From time to time and depending on a client's needs and investment objectives, IDA sometimes: (i) uses certain option strategies in an effort to mitigate market risks, and/or (ii) suggests the use of alternatives and/or Private Funds.

Clients can invest in one or more of the model portfolios. Our Wealth Advisers meet with clients to discuss which model portfolio best meets their long-term personal goals and objectives. Portfolio management decisions for the Model Portfolios occur at the Investment Committee level, which meets approximately once per quarter or as often as needed.

### **IDA Custom Account Management**

IDA offers account management for those clients who desire further customization to their portfolio(s). Based on the client's goals and investment objectives, IDA will build a customized portfolio consisting of mutual funds, ETFs, closed-end funds, equities, fixed-income and/or cash management instruments, including bonds and other financial products, including Private Funds. In addition, when deemed appropriate and based on client needs and investment objectives, IDA will: (i) use certain option strategies to help mitigate market risks; (ii) suggest the use of certain robo-advisor programs, (iii) use alternatives investments and/or (iv) provide cash management services.

Some of the Private Funds, mutual funds and ETFs utilized by IDA employ alternative or riskier strategies, such as the use of leverage, derivatives and/or hedging. Please refer to Item 8 below for detailed information regarding the Firm's methods of analysis and the risks surrounding investments.

IDA customizes clients' portfolios according to their individual risk tolerance, time horizon and specific goals. For example, a client is able to place certain restrictions on their accounts, such as restricting the Firm from purchasing or selling a specific security, and restrictions on the types of securities, industries or sectors that may be included as part of the client's account. Note that this may not be possible in all situations, such as when the client invests in mutual funds and ETFs. Clients are charged IDA's customary asset under management fees pursuant to the terms of the Investment Advisory Agreement regardless of what type of positions are held in the account.

Please see Item 12 for important information regarding the trading for this strategy.

## **2. Retirement Plan Solutions**

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of all fiduciary responsibility for the investment decisions made by IDA. IDA is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement between IDA and the ERISA plan. Our investment management is limited in that we have the discretion solely to replace funds in plan fund lineups and initiate the transfer of existing balances to the replacements without prior approval from the ERISA Plan client.

As a 3(38)-investment manager, IDA provides the following services to the ERISA plan:

- Screen and select the investments that are offered to plan participants.
- Monitor the investments and replace investments with new investment offerings when appropriate.
- Provide a quarterly monitoring report.
- Assist in education and enrollment of plan participants.
- Assist the plan sponsor in developing an Investment Policy Statement ("IPS").
- Provide a comprehensive fiduciary investment review designed to meet Plan Sponsor fiduciary responsibility and enhance the participant experience.

When serving as an ERISA 3(21) investment adviser, the plan sponsor and IDA share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisory Agreement between IDA and the ERISA plan.

As a 3(21)-investment manager, IDA provides the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggest replacement investments when appropriate.
- Provide a quarterly monitoring report.
- Assist in education and enrollment of plan participants.
- Assist the plan sponsor in developing an Investment Policy Statement ("IPS").
- Provide a comprehensive fiduciary investment review designed to meet Plan Sponsor fiduciary responsibility and enhance the participant experience.

Additional services applicable to IDA's Retirement Plan Solutions are described in the client agreement. IDA is deemed a "Covered Service Provider" to pension plan clients under ERISA Section 408(b)(2) regulations and is a fiduciary under Sections 3(21) or 3(38) of ERISA. ERISA Section 408(b)(2) requires Covered Service Providers to make required disclosures to the responsible plan sponsor ("RPS") that are in writing, and include information the RPS needs to (i) assess the reasonableness of total compensation, both direct and indirect, received by the Covered Service Provider, its affiliates, and/or subcontractors, (ii) identify potential conflicts of interest, and (iii) satisfy reporting and disclosure requirements under Title I of ERISA. IDA provides its pension plan clients with such information prior to entering into a written agreement with such clients, and annually thereafter.

#### **4. FutureReady 401(k) Platform**

FutureReady 401(k) is a customized solution that is offered by IDA for retirement plans. IDA has teamed up with a custodian, Matrix Trust Company, a Broadridge company ("Matrix") and a third-party administrator and record-keeper, The Retirement Plan Company, LLC ("TRPC") to work closely together to deliver lower cost services to retirement plan sponsors and their employees. Under this platform, IDA offers fiduciary services, which include the below, as selected by the client via the agreement entered into with IDA:

*Section 3(38)-investment manager discretionary fiduciary services:*

- Develop Investment Policy Statement (IPS) based on the investment objects, risk tolerance, and goals of the ERISA Plan
- Select & replace designated investment alternatives in line with IPS
- Select & replace qualified default investment alternative (QDIAs) in accordance with IPS
- Provide advice regarding model asset allocation portfolio models created by IDA

*Section 3(21) non-discretionary fiduciary services:*

- Provide investment advice to participants based on their investment objectives, risk tolerance, and time horizon.

*Non-fiduciary consulting services (as selected by client):*

- Administrative support
- Service provider support
- Investment monitoring support
- Participant services

#### **5. Institutional Robo-Adviser Programs: Betterment**

IDA does not currently sponsor nor provide management services to any wrap fee program, as that term is defined in the instructions to Form ADV Part 2. However, as described below, from time-to-time IDA will recommend to certain clients that they invest a portion of their assets in a robo-adviser program<sup>2</sup>, based on the client's specific financial needs and investment objectives. Certain robo-adviser programs are provided through a wrap program.

Specifically, IDA, from time to time recommends the robo-adviser programs that are sponsored by Betterment, LLC, through their wrap program. Betterment is an SEC registered investment adviser and is not affiliated with IDA.

The terms and conditions under which the client will enter into the program will vary by program and be set forth in separate written agreements between (1) the client and IDA and (2) the client and the adviser providing the robo-adviser program. IDA shall continue to render advisory services to the client relative to the ongoing monitoring and review of account investments and performance, for which IDA shall receive an annual advisory fee from the client, which is based upon a percentage of the market value of the assets being managed under the program. Importantly, clients should understand that IDA's advisory fee is exclusive of the fee(s) charged under the robo-

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<sup>2</sup> Please refer to SEC Investor Bulletin on Robo-Advisers for important information (<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-robo-advisers> )



adviser program. Also, the underlying investments in the program, which typically consist of Exchange Traded Funds (ETFs) have internal management fees and expenses that are deducted from the assets of the ETF. Please see Item 5 below for further information on fees.

Factors that IDA shall consider in recommending a robo-adviser program include the sponsor's reputation, style of management, performance, and services being offered.

In addition to IDA's written disclosure statement (Form ADV Part 2A), the client shall also receive the written disclosure statement from the firm sponsoring the robo-adviser program. These disclosure statements should be read in their entirety in order to understand the services, fees, risks, and conflicts associated with the robo-adviser program. Please refer to Item 12 for information regarding the arrangements for the wrap fee program.

## **6. Investnet Services**

IDA has contracted with Investnet PMC ("Investnet") to provide access to their portfolio modeling, account trading and administration systems. The services provided by Investnet include:

- Assessment of the client's investment needs and objectives.
- Implementation of asset allocation.
- Delivery of suitable style allocations (e.g., Large Cap, Small Cap, Growth, Value, etc.)
- Facilitation of portfolio transactions.
- Ongoing monitoring of investment vehicle performance.
- Review of client accounts for adherence to policy guidelines and asset allocation.
- Recommendations for account re-balancing, if and when necessary.
- Reporting of client portfolio performance and progress.
- Engaging selected investment vehicles on behalf of the client

## **7. IDA Adviser Network – TAMP Services**

IDA offers investment management services to unaffiliated investment advisers under a turnkey asset management arrangement ("TAMP Services"). To perform these services, IDA enters into an agreement with the third-party investment adviser, which outlines that IDA will provide ongoing investment management on a discretionary basis to certain of the adviser's clients ("TAMP Clients"). In addition, each TAMP client also enters into a client agreement with IDA. The investment management services that IDA offers are generally the same that the Firm offers to other investment management clients. However, the investment management fees paid by TPAM clients are different, and in some cases, lower than what other IDA clients pay. Please see Item 5 below for further information.

## **8. Held Away Accounts: Pontera**

IDA provides an additional service through "Pontera" for accounts not directly held at a Qualified Custodian. The platform allows us to avoid taking custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using the platform. A link is provided to the Client allowing them to connect their account(s) to the platform. Once the Client account(s) are connected, IDA may leverage an Order Management System to manage the account and place trades on behalf of the client. These are primarily 401(k) accounts, HSA's, and other assets, all of which are held away and managed on a discretionary basis. We regularly review the available

investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

### **C. Private Investments**

Although the investment advice provided by IDA is not limited to any specific type of investment, IDA does from time to time, depending on the sophistication, risk tolerances, and qualifications of the client, recommend that a portion of such client's assets be invested in certain affiliated and unaffiliated private investments. These include hedge funds, real estate funds, and other types of private investment vehicles (collectively "Private Funds"). The Private Funds may invest in various types of instruments, including but not limited to equities, debt securities, real estate, first trust deeds, private companies, and other private investment funds. IDA shall continue to render advisory services to the client relative to the ongoing monitoring and review of asset performance and due diligence of the Private Fund.

When determining which clients should receive a recommendation to invest in a Private Fund, IDA considers a number of factors, including but not limited to a client's sophistication and qualification, risk tolerance, investment objectives, and the amount of available assets in the client's account(s). IDA's goal is to allocate in a fair and balanced manner; however, given these differing factors, the allocation of investment opportunities in Private Funds to our clients is subjective and not all qualifying clients will be provided an investment opportunity. (Please refer to Item 12 for further information on the allocation of Private Fund investments).

The client assets with each Private Fund are held at the custodian selected by each Private Fund's sponsor or investment manager. The performance of these Private Funds typically is reported directly from the sponsor. Clients investing in Private Funds are provided with private placement memorandums and other offering and subscription documentation that detail the nature, risks, and associated fees of each Private Fund. It is important that the client read these documents before investing to fully understand the types of investments, risks and conflicts pertaining to the Private Funds. IDA and certain IDA investment adviser representatives ("IARs") have affiliations and/or arrangements with the issuer, general partner, managing member, or investment manager (as applicable) of certain Private Funds. Also, there are times when certain IDA Associated Persons invest in Private Funds.

Mr. Jason Labrum, who is the owner and Founder/CEO of IDA, and Mr. Alex Klingensmith, President of IDA are partial owners and co-Managing Members of Invictus Real Estate Partners, LLC ("RE Partners"). RE Partners serves as the Managing Member of the Invictus Total Return Real Estate Fund, LP ("Invictus Fund"), which is a private real estate fund. Because the fund is closed to new capital and investors, IDA IARs, Mr. Labrum, and Mr. Klingensmith are no longer recommending the Invictus Fund to qualifying IDA clients.

In addition, please refer to Items 5, 6, 8, 10, 11, 13, and 14 for further disclosures regarding the Invictus Fund, including the fees received by Mr. Labrum and Mr. Klingensmith and how IDA addresses the conflict surrounding this arrangement.

### **D. General Information about IDA's Advisory Services**

As indicated above, advisory services provided by IDA are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, IDA will

typically memorialize each client's investment objectives, risk tolerance, time horizons and other important information, including any investment guidelines, in a client profile or similar document. This information, together with any other information relating to the client's overall financial circumstances, will be used by the Firm to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals.

IDA will not assume any responsibility for the accuracy of the information provided by the client. The Firm is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying the Firm in writing of any material changes to the client's financial situation, investment objectives, time horizon, tax status, risk tolerance or other material information that the Firm may have relied upon in rendering its services. In the event that a client notifies the Firm of such changes, IDA will review the changes and may recommend revisions to the client's financial plan and/or portfolio.

There are times when a client may decide to use margin in their account, or when a margin account is necessary, such as when a client invests in certain types of options. Clients should be aware that the use of margin creates a conflict of interest between IDA and our clients since our investment management asset-based fees are calculated on the full value of a client's assets under management, including any margin balance, which means clients with margin balances in their account will pay a higher fee than they would if they had a cash account. In addition, clients will be charged margin interest by the custodian on the debit balance in their custodial account. (Please refer to Item 5 below for further information on fees)

Margin accounts also carry risks, which are summarized in Item 8 below and should be carefully considered before opening a margin account. Please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk.

In addition, depending on the needs of a client the Firm will recommend and assist a client with obtaining a securities-backed loan or line of credit with an unaffiliated third-party bank or custodian. These types of loans are not suitable for all investors and carry some risks (please refer to Item 8 below for details on applicable risks). There also is a conflict of interest surrounding the Firm's recommendation to obtain such a loan, mainly due to the fact that the loan proceeds can be used in place of a client having to withdraw assets from their account managed by the Firm. Therefore, the Firm continues to receive fees on the securities in the account even though they are used as collateral. To address this conflict, the Firm has implemented policies and procedures to ensure that all recommendations being provided to clients are suitable and the clients are aware of all material risks and conflicts. Clients should not obtain such a loan or line of credit without fully understanding applicable costs, benefits, conflicts, and risks.

#### **E. IPO and SPO Consulting Services**

From time-to-time IDA receives requests from qualified clients for IDA to obtain shares in a specific initial or secondary initial offering (IPO and SPO) on behalf of the client. IDA provides this service on a very limited basis and only when we believe the requesting client is not otherwise prohibited from investing in such public offerings. IDA reserves the right to turn down any

requesting client. In addition, there can be times when IDA is not able to obtain some or all of requested shares.

IDA does not provide any recommendations or investment advice regarding the IPOs/SPOs, and shares obtained will be held by the client in an unmanaged account.

#### **F. Advisory Agreement with IDA**

Prior to engaging IDA to provide services, each client will be required to enter into one or more written agreements with us, setting forth the services to be provided, the fees to be charged and the terms and conditions under which we will render our services. IDA will provide this Brochure and the applicable Brochure Supplements (Form ADV Part 2B) to each client or prospective client prior to or upon execution of our written agreement. We also provide a copy of Form CRS to each new or prospective retail client. The advisory relationship will continue until terminated by the client or IDA in accordance with the provisions of the executed agreement(s).

#### **G. Amount of Client Assets Managed**

As of March 20, 2024, IDA manages \$955,067,966 in assets on a discretionary basis. IDA has a total of \$1,267,416,236 under advisement (including regulatory assets under management) which includes \$296,976,668 in Retirement Plans. IDA also has an additional \$62,333,326 attributable to client cash or courtesy account holdings that are not currently receiving management.

### **ITEM 5: FEES AND COMPENSATION**

#### **A. Compensation for Financial Planning Services**

Financial Planning costs are dependent upon several factors, including the level and scope of the services provided, the type of planning selected by the client, the complexity of the client situation and the professional rendering the financial planning services. Prior to the Firm's commencement of Financial Planning the client may be required to pay all, but in no case less than 50%, of the Firm's estimated fee based on the anticipated fees for the services selected. The remaining amount is due once the Financial Plan is complete.

The Firm's financial planning fees are assessed either as a one-time fixed fee or an ongoing hourly fee, dependent upon the services received. Generally, fixed fee rates range from a minimum of \$2,500 to \$10,000. Our hourly rate ranges from \$175 to \$675. These rates can be negotiated at the sole discretion of the Firm. Additionally, the Firm will periodically waive all or a portion of its financial planning fee for certain new clients that become investment management or retirement plan clients and reserves the right to do so for other financial planning clients. There also are times when IDA utilizes marketing campaigns which offer waiver of all or a portion of the financial planning fee to new financial planning clients. IDA has clients that are charged lower fees than those reflected above.

Should a client elect to implement the investment recommendations contained in their financial plan, additional costs would apply, such as transaction fees, mutual fund expenses, and/or third-party advisory fees, as applicable. Please refer to Item 5.F. below for further information.

Certain IARs of IDA are licensed insurance agents with our affiliated insurance agency, Intelligence Driven Insurance Solutions ("IDIS") (see Item 10 for details), and other various life, health, and disability insurance companies. There are times when these IARs recommend the purchase of certain insurance products through IDIS, and/or other insurance companies, to IDA clients as part of their financial plan. These insurance products can include, but not be limited to life insurance, health and disability insurance, and fixed index annuities. Clients are not obligated to purchase the insurance through IDIS or any other insurance company that the IAR is associated with and remain free to purchase through any insurance company of their choosing, or not purchase at all. However, if they do purchase through IDIS or an insurance company the IAR is associated with, the IAR, in his or her capacity as an insurance agent, will receive normal and customary commissions. The amount of these commissions and timing of payment can vary depending on the type of insurance purchased. Please refer to Item 10 for additional information, including applicable conflicts and how IDA addresses the conflicts.

## **B. Compensation for Investment Management Services**

As described in greater detail below, IDA charges fees based on a percentage of assets under management for its Investment Management Services. The specific fees charged by IDA for its Investment Management Services will be set forth in each client's written Agreement. Advisory fees are negotiable under certain circumstances at the sole discretion of IDA, and arrangements with any particular client can differ from those described below. Although IDA believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

### **1. Asset-Based Fees**

The Firm's maximum annual advisory fee for clients paying a percentage of assets under management is 1.25%. The specific investment management fee charged to a client is set forth in each client's Agreement and is determined based on the size of the assets under management, complexity of the portfolio, extent of activity in the account and/or other reasons agreed upon by IDA and the client. We typically use a fee scale, which applies to the market value of a client's account at each tier, resulting in a blended rate. However, in certain cases, we may charge a flat fee instead of a tiered fee, depending on the specific circumstances of the client's account. For purposes of calculating a client's assets under management, IDA will consider all investment management accounts which constitute a "household" of the client's assets. Typically, a client's household consists of any spouse, parent, child, partner, or sibling who resides at the same mailing address as the client. IDA will include other related accounts who may not reside at the same mailing address, if requested by the client.

When determining the value of a client's assets for billing purposes, IDA will rely upon the valuation provided by the custodian, unless in IDA's judgment the valuation appears incorrect or inappropriate. Should that be the case, IDA will value the client's assets in accordance with our written valuation policy and procedures. Please refer to Item 5.G below for a summary of our valuation policy.

The Firm requires a minimum fee of \$1250.00 per quarter (\$5,000 per year); however, there are certain circumstances where IDA will negotiate, lower, or waive the minimum. These include but are not limited to: (i) when a household is related to another household (family members living separately) that meets the minimum, (ii) when the client will meet the minimum within 12 months, (iii) clients that also pay financial planning, consulting or annuity trail revenue that meets the

minimum amount, (iv) employees and their family members. All fees are negotiable at the sole discretion of IDA. For any client that has assets under management that are less than \$500,000, the minimum fee charged by IDA will equate to more than 1.25%.

IDA reserves the right to discount and/or waive our management fees. For example, employees and their family members are either charged a lower percentage or the fee is waived. In addition, clients who don't receive IDA's full scope of services may pay less than the standard fee scale on certain accounts (i.e., Institutional and Cash Management accounts).

In addition, legacy fee arrangements exist with certain clients, which results in higher or lower fees being charged in contrast to our standard fee schedule. These arrangements were negotiated in the past based on several factors and other considerations. While we strive to ensure that all clients are charged a fair and reasonable fee, these legacy arrangements may result in some clients paying different fees than others.

The Firm's investment management fees are assessed each calendar quarter, charged in advance, and are calculated based upon a percentage of the Client's assets under management, including cash, cash equivalents and accrued interest, as of the close of business on the last business day of the preceding calendar quarter (including assets invested in Private Funds, with the exception of the Invictus Fund). As referenced in Item 4 above, IDA does not include any account margin balance when calculating its investment management fees, therefore the fee is charged on the amount of assets being managed, not net of the negative margin balance.

The management fees are automatically deducted from the client's account by the custodian as soon as practicable following the end of each quarter unless a client has elected to be billed directly in which case an invoice will be delivered to the client. Investment management fees are generally directly debited from the account for which the fee is derived except for the following reasons: 1) the client specifies another Client Account that they would like the fee debited, 2) Held away accounts, such as 401(k)s, which cannot be directly debited. If the client does not have another account to debit, clients will be invoiced for the management fee. Should a client open an account during a calendar quarter, the Firm's management fee will be prorated based on the number of days the account was open during the quarter. Billing adjustments will be made for deposits and withdrawals of cash and/or securities made during the previous quarter and will be subject to the same billing procedures. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the management fee earned (based on the number of days in the quarter) and the balance is refunded.

The custodian delivers an account statement to the client at least quarterly, showing (among other things) all disbursements, including advisory fees, deducted from the account. The client is encouraged to review all account statements for accuracy, including the amount of advisory fees being deducted, as this review is not done by the custodian.

The Firm may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to clients.

In the case where IDA utilizes the Betterment wrap-fee program, Betterment calculates and deducts all applicable wrap fees from each wrap client's account and pays IDA its investment management fee.

Please note that the internal fees charged by mutual funds, Private Funds, and third-party advisers are in addition to IDA's investment advisory fee. Please refer to Item 5.F below for additional information.

As outlined in Item 4 above, Mr. Labrum, who is the principal owner and Founder/CEO of IDA, and Mr. Alex Klingensmith, President of IDA, are partial owners and co-Managing Members of RE Partners. RE Partners serves as the Managing Member of the Invictus Fund, which is a private real estate fund. Because the fund is closed to new capital and investors, IDA IARs, including Mr. Labrum and Mr. Klingensmith no longer recommend the Invictus Fund to qualifying IDA clients. For existing assets invested in the Invictus Fund, IDA will not charge investment advisory fees on the same assets and no IAR of IDA will receive commissions or any other transaction-based compensation from the Invictus Fund or RE Partners. However, Mr. Labrum and Mr. Klingensmith continue to receive an indirect benefit on assets invested in the Invictus Fund since they are owners and co-Managing Members of RE Partners and RE Partners, as Managing Member of Invictus Fund receives fees from the Invictus Fund for providing services. This monetary benefit creates a conflict as it could incentivize IDA, Mr. Labrum, Mr. Klingensmith and/or IDA IARs to recommend that IDA clients remain invested in the Invictus Fund. Please see Item 4 above and Items 6, 8, 10, 11, 13, and 14 below for additional information regarding fees, affiliations and conflicts of interest concerning this relationship.

## **2. TAMP Services' Fees**

For the TAMP services provided by IDA, as outlined in Item 4 above, the TAMP Client will pay an annual "Advisory fee" to IDA based on the TAMP Client's assets managed by IDA ("TAMP Client AUM"). The TAMP Client's AUM is determined as of the close of business on the last business day of the preceding calendar quarter and the Advisory fee is calculated using the same billing procedures outlined above in Item 5.B 1. Asset-Based Fees.

In addition to IDA's fee, TAMP Clients' accounts will be subject to an advisory fee charged by the TAMP Client's third-party adviser. IDA collects the third-party adviser's fee from each TAMP Client, which is calculated and billed the same way as IDA's fee. Once collected, IDA will pay the third-party adviser directly. The percentage fee charged by third-party advisers are outlined in their client agreement entered into by each TAMP Client.

TAMP Clients also are subject to additional fees and expenses charged by third parties and investment products, as applicable. Please refer to Item 5.F below for further information.

## **C. Compensation for Retirement Plan Solutions**

The Firm's retirement plan maximum annual advisory fee for clients paying a percentage of assets under management is 1.25%. The specific fee charged to a client is set forth in each client's Agreement and is determined based on the size of the assets under management, complexity of the plan, and/or other reasons agreed upon by IDA and the client.

We typically use a fee scale, which applies to the market value of a plan at each tier, resulting in a blended rate. However, certain custodians and record keepers may not have the ability to calculate fees based on a scale, and as a result, we charge a flat rate that is reviewed and adjusted periodically as agreed upon by IDA and the client. Please note that the flat fee may differ from the

standard retirement plan fee scale, but it is based on our best effort to ensure that our fees are reasonable and reflective of the services provided to our clients.

When determining the value of plan assets for billing purposes, IDA will rely upon the valuation provided by the plan sponsor, custodian, or recordkeeper, unless in IDA's judgment the valuation appears incorrect or inappropriate. Should that be the case, IDA will value the plan assets in accordance with our written valuation policy and procedures. Please refer to Item 5.G below for a summary of our valuation policy.

The Firm requires a minimum fee of \$1250.00 per quarter (\$5,000 per year); however, there are certain circumstances where IDA will negotiate, lower, or waive the minimum. All fees are negotiable at the sole discretion of IDA and IDA reserves the right to discount and/or waive our management fees. Clients who don't receive IDA's full scope of services may pay less than the standard fee scale on certain accounts. Legacy fee arrangements exist with certain clients, which result in higher or lower fees being charged in contrast to our standard fee schedule. These arrangements were negotiated in the past based on several factors and other considerations. While we strive to ensure that all clients are charged a fair and reasonable fee, these legacy arrangements may result in some clients paying different fees than others.

This fee is assessed monthly or quarterly, in arrears or advance, depending on calculation procedures of the applicable custodian. In most cases, such fees will be calculated and automatically deducted from the plan by the custodian as soon as practicable following the end of each applicable billing period and paid to IDA. In some cases, IDA will calculate the fee and invoice plan clients directly at IDA's discretion. IDA has clients that in some cases pay advisory fees that are higher than our current fee schedule reflected above. These clients were previously clients of LDIntelligence, LLC or Labrum Wealth Management, LLC, and the fee arrangement they had with them remains unchanged.

Should a retirement plan client open an account during the quarter, the Firm's advisory fee will be prorated based on the actual number of days the account was open during the quarter. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the Client, and any earned, unpaid fees will be due and payable to IDA. Billing adjustments will not be made for deposits and withdrawals of cash and/or securities made during the previous quarter.

At times, IDA charges a fixed fee for consulting and plan implementation services. These fees are negotiable and described in the client's Agreement with IDA. There are times when IDA utilizes marketing campaigns which offer waiver of a portion of the annual fee to new retirement plan clients.

#### **D. Futuready 401(k) Investment Advisory Fees**

For the advisory services provided by IDA under the Futuready 401(k) platform, the investment advisory fee (see fee schedule in Item 5.C above) will be based on the value of assets in the ERISA 401K Plan as of the last business day of the preceding quarter. The fee will be billed either in advance or arrears depending on the plan sponsor selection and will be payable in full within thirty (30) days of record-keeper fee calculation when debiting Plan assets or from the date of IDA's invoice payable by the plan sponsor



The fees paid to IDA do not include the fees that are charged by The Retirement Plan Company, LLC and Matrix Trust Company, or any other applicable third-party fees. Please refer to Item 5.F below for further information.

IDA also will charge a one-time Project Fee, which covers certain services offered, other than investment management, or for additional services requested by a platform client. The amount of this one-time fee is negotiated based on the services that will be provided, and generally required to be paid at the beginning of the engagement. However, IDA has made arrangements in the past, and can in the future, where up to 50% of the fee is paid upfront, with the rest billed upon full implementation of the plan.

#### **E. IPO and SPO Consulting Services Fees**

IDA charges an annual consulting fee of up to \$20,000 for these services. Clients receiving this service are usually billed on a quarterly basis.

#### **F. General Information on Other Fees**

Clients incur certain fees or charges imposed by third parties other than IDA in connection with investments or recommendations made by the Firm. These fees and charges are separate and distinct from the fees or charges stated above and can include, but not be limited to: custodial fees, mutual fund fees and expenses including 12b-1 fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, Private Fund management and incentive/performance fees, other transaction related fees, IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, interest charged on debit balanced, "spreads" imposed by brokers and dealers representing implicit transaction costs, commissions and transfer taxes. Information regarding fees or charges assessed by any mutual funds held in client accounts is available in the appropriate prospectus. IDA is not responsible for, and does not receive any portion of, the fees imposed by such third parties.

In addition, client assets invested with third party advisers, recommended and/or utilized by IDA will be subject to management fees charged by those third-party advisers, as described in each manager's disclosure brochure (Form ADV Part 2A).

Client assets invested in Private Funds are also subject to management fees, performance/incentive fees, and other expenses as described in each fund's offering materials.

IDA invests in open-end mutual funds and ETFs in client portfolios. Each mutual fund charges fees to shareholders, which are described in their respective prospectus and usually include a management fee, administrative and operations fees, and certain distribution (e.g., 12b-1 fees) and/or redemption fees. These fees are generally referred to as a fund's "expense ratio" and the fees are deducted at the mutual fund level when calculating the fund's net asset value ("NAV") and have a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge. In addition, some open-end mutual funds offer different share classes of the same fund, and one share-class can have a higher expense ratio than another share class. The most economical share class will depend on certain factors, including the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios vary by mutual fund, so it is important to read the mutual fund prospectus to fully understand all the fees charged.

IDA will purchase the most economical share class available at the time of purchase. For new clients that hold any mutual fund upon account opening, IDA performs a review to determine whether such mutual fund remains suitable for the client's current investment objectives. If we believe the fund remains suitable, then we will check to see if a lower cost share class is available and then if deemed more economical for the client based on facts and circumstances, we will transfer the client's mutual fund holding into such share class. However, there have been times in the past, and can be in the future, when IDA does not have access to lower cost share classes. This mainly happens when the client's custodian does not offer a lower cost share class for some or all the mutual funds bought for and/or held in clients' accounts, or the investment amount does not meet the share class minimum investment requirement. Transaction fees also play a role in the overall costs when investing in mutual funds. Some custodians offer certain higher cost mutual fund share classes for purchase at no transaction cost. When that applies, IDA will purchase a more expensive share class if we determine, based on facts and circumstances, that such transaction would be the most economical for a client. We also will transfer a client into a lower cost share class at a later date if we determine at that time that it is beneficial for the client.

The fees and expenses described in this section 5.F are separate from and in addition to the fees charged by IDA. All fees charged to a client's account lowers the overall performance of the account. Therefore, clients should carefully review the fees charged by custodians, and any mutual funds, third party advisers, and Private Funds in which the client's assets are invested, and any other applicable third-party fees, together with the fees charged by IDA, to fully understand the total amount of fees to be paid by the client and in order to evaluate the advisory services being provided.

As mentioned above, certain IDA IARs receive compensation based on certain insurance recommendations made to clients. Because of that, clients should be aware that the receipt of additional compensation by IARs of the Firm creates an inherent conflict of interest and can affect the judgment of these individuals when making recommendations. This is due to the fact that the IAR, when receiving compensation, has an incentive to make recommendations based on the compensation received rather than on a client's needs. IDA has adopted certain procedures designed to mitigate the effects of conflicts. IDA and its IARs endeavor at all times to put the interests of the clients first, and recommendations only will be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement, mainly through the delivery of the IDA Disclosure Brochure (ADV Part 2A) and ADV Part 2B Supplement Brochures. Clients are not obligated to implement any insurance recommendations made by IDA or any of its affiliates. Should a client decide to implement such recommendations, the client has the discretion to choose any insurance agent and/or agency to complete the transaction.

IDA has certain clients that own variable annuities in a brokerage account with International Assets Advisory, LLC ("IAA"), a registered broker-dealer. Mr. Richard Labrum is a registered representative of IAA and serves as those clients' representative for their brokerage accounts. As such, Mr. Labrum receives ongoing commission payments from IAA, which represents a portion of the ongoing fees paid by the variable annuities to IAA. This represents less than 10% of Mr. Labrum's income.

Please refer to Item 10 for additional information regarding the financial industry affiliations of IDA and its IARs.

## **G. IDA's Valuation Policy**

When determining the market value of an account for purposes of calculating advisory fees, IDA's policy is as follows: for all publicly traded securities held in client accounts, IDA relies on daily prices received from clients' custodians. In the event we believe any securities price received is incorrect, we will value the holding(s) in accordance with our valuation policy and procedures and based on the specific facts and circumstances of the valuation event.

For investments in Private Funds, IDA relies upon the valuations provided by the issuer of each Private Fund. Depending on the type of Private Fund and underlying investments, valuations can be reflected at cost until such time as the issuer provides an updated valuation. In the event that a valuation is not timely provided by the operator/issuer or there is some market or other relevant event which IDA believes impacts the valuation provided, then the Private Fund holding will be fair valued in accordance with IDA's written valuation procedures.

Please also refer to Item 13 for further information regarding reporting valuations on client account statements.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

IDA does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (i.e., performance-based fees) nor engage in side-by-side management.

Some of the Private Funds that IDA's investment management clients invest in do charge performance/incentive-based fees, which are outlined in the respective product's offering documents and should be reviewed by investors. These performance fees can only be charged to investors that meet the definition of "qualified client" outlined in Rule 205-3 under the Investment Advisers Act of 1940. Any client or IDA employee investing in a Private Fund that charges performance/incentive fees that did/does not meet such definition is not charged a performance/incentive fee by the Private Fund. IDA does not receive any portion of these fees, with the exception of the Invictus Fund. Because Mr. Jason Labrum and Mr. Alex Klingensmith are partial owners and co-Managing Members of RE Partners, who serves as the Managing Member of the Invictus Fund, both indirectly participate in the performance fee compensation that is paid to RE Partners. RE Partners may pay IDA, at its discretion, a small fee for administrative services and office use related to operating the fund.

Please refer to Items 4 & 5 above, and Items 10, 11, and 13 below for additional information on Mr. Labrum's and Mr. Klingensmith's association with Invictus Fund, the conflicts surrounding this association and how IDA addresses such conflicts. Also, refer to Item 8 below regarding risks surrounding Private Funds (including the Invictus Fund) and other investments made by IDA.

## **ITEM 7: TYPES OF CLIENTS**

### **A. Description**

IDA provides its services to individuals, qualified and non-qualified pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, business entities, Private Placement

Insurance companies, Eleemosynary Organizations, and Native American Sovereign Nations & Organizations.

## **B. Conditions for Managing Accounts**

Prior to engaging IDA to provide Investment Management Services or Financial Planning Services, as described in this Brochure, the client will be required to enter into one or more written agreements with IDA setting forth the terms and conditions under which the Firm will render its services.

When IDA provides investment advice to a client, we are deemed a fiduciary under certain federal regulations and 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 the firm makes money creates conflicts of interest; however, as a fiduciary, IDA and its supervised persons are required to always act in our clients' best interests, which means we must, at a minimum take the following steps:

- Meet a professional standard of loyalty and care when making investment recommendations.
- Always put our clients' interests ahead of our own when making recommendations and providing services.
- Disclose all conflicts of interest and how the Firm addresses such conflicts.
- Adopt and follow policies and procedures designed to ensure that we give advice and provide services that remains in each client's best interest.
- Charge an advisory fee that is reasonable for our services.
- Not provide, or withhold, any information that could render our advice and/or services misleading.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), IDA may be deemed an ERISA fiduciary to the retirement plan when providing certain services. When that is the case, and IDA receives fees that are over \$1,000, the Firm will provide required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2). The disclosures will cover the services IDA provides and the direct and indirect compensation the Firm receives by such ERISA clients. Generally, these disclosures are contained in this Disclosure Brochure, the Client Agreement, and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by the Firm; (2) identify any conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

#### IDA Strategy Portfolios

IDA primarily uses fundamental analysis in constructing its asset class-based model portfolios. The sources of information used by IDA to perform its analysis include, but are not limited to, market news reports, financial data from Morningstar, third party research from various sources, rating services, company annual reports, prospectuses and other offering documents, SEC filings,

company press releases, and interpretation of exchange market data. Following an investment, IDA will continue to monitor the progress and suitability of portfolio investments as well as market and economic outlook.

Generally, the Firm recommends a model portfolio based upon information provided by the client reflecting their particular financial circumstances, investment needs, goals and objectives and risk tolerance. This can include multiple securities asset-classes consisting of no- or low-load mutual funds and/or ETFs which are available to clients as any one of the model portfolio allocations which fall among the following risk tolerance levels:

1. *Aggressive Growth*: A portfolio that is purely focused on aggressive growth of capital with little or no regard for volatility in the markets
2. *Growth*: A portfolio focused on growth of capital with some consideration for volatility
3. *Moderate*: A portfolio that has equal consideration for growth of capital and reduction of volatility
4. *Conservative*: A portfolio primarily focused on the preservation of capital with some consideration for growth
5. *Capital Preservation*: A portfolio structured for the preservation of capital with little appetite for volatility or risk.

### **Private Fund Investments**

The Private Funds in which IDA clients pursue different investment processes and strategies, which generally are considered risky. The processes and strategies for the Private Funds, including the Invictus Fund are disclosed in each Private Fund's offering documents and can include, but not limited to hedging, leverage, short sales, uncovered options, real estate investments, and other non-liquid investments. Such strategies carry a risk of total loss of principal. Each Private Fund investment has varying degrees of illiquidity depending on the type of fund and its underlining investments, which are outlined in each fund's offering documents and should be reviewed carefully prior to investment.

### **B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to engaging IDA to perform investment advisory services, a client should carefully consider: 1) committing to management on only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, 2) that volatility from investing in the stock market can occur, and 3) that over time the client's assets can fluctuate and at any time be worth more or less than the amount invested.

Some of the risks of loss a client should be aware of include, but are not limited, to the following:

- Interest-Rate Risk: Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a stock, bond, mutual fund, or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Equity (stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Options Risk: Options on securities can be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. Please see below for more details.
- ETF and Mutual Fund Risk: When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees and internal custodial costs. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- Private Funds Investment Risk: The managers of the Private Funds will have broad discretion in selecting the investments for the fund. There are few limitations on the types of securities or other financial instruments which can be traded and no requirement to diversify. Depending on the type of Private Fund, the Private Fund's manager may trade the assets of the fund on margin or otherwise leverage positions, thereby potentially increasing the risk to the Private Fund and its investors. 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. The client should read the private placement memorandum and/or other documents explaining such risks, before investing.
- Political and Legislative Risks: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning and with significant impact, this is especially true for companies operating outside of the United States or that conduct a portion of their business outside of the United States.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.*, interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others un-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.

- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is an active market for the asset. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.
- Margin Risk: There are certain risks associated with a margin account. These risks include, but are not limited to the following:
  - An owner of a margin account can lose more assets than deposited. A decline in the value of securities that are purchased on margin usually requires the owner to provide additional monies to the account to avoid the forced sale of those securities or other securities in the margin account.
  - The custodian can force the sale of securities in a margin account. If the equity in the account falls below the maintenance margin requirements under the law—or the custodian's higher "house" requirements—the custodian can sell the securities in the margin account to cover the margin deficiency. The owner would be responsible for any short fall in the account after such a sale.
  - The custodian can sell securities in the margin account without contacting the owner. However, as a matter of good customer relations, most custodians usually attempt to notify their customers of margin calls even though they are not required to do so.
  - An owner of a margin account is not entitled to an extension of time on a margin call. While an extension of time to meet initial margin requirements may be granted by the custodian under certain conditions, they are not required to provide any extension. In addition, they also are not required to provide an extension of time to meet a maintenance margin call.
- Securities Backed Loans/Lines of Credit: Some of the risks include: (i) failure to perform by the lender due to financial instability, (ii) tax consequences and loss of appreciation due to premature sale of the securities used as collateral, (iii) lack of funds to repay the loan, and (iv) high cost and high interest rate charges. Additional information about these types of loans can be found at <https://www.sec.gov/oiea/investor-alerts-bulletins/sbloc.html>.

Depending on the sophistication and risk tolerances of its clients, IDA recommends, as part of a client's overall investment strategy, that a portion of such client's assets be invested in Private Funds or other alternative investments. Such investments present special risks for IDA's clients, including without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations, and limited regulatory oversight. Therefore, private investments may not be suitable for all IDA clients and will be offered only to those qualifying clients for whom an investment therein is determined to be suitable (Please refer to Item 12 below for further information on allocation of Private Fund investments). Generally, such investments are available for investment only to a limited number of sophisticated

investors who meet the definition of “accredited investor” under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and “qualified client” under the Investment Advisers Act of 1940. It is important that each potential qualified investor fully read each offering or private placement memorandum prior to investing. Private Funds often impose performance-based fees or incentive allocations payable to the fund manager or general partner. Such performance-based fee/incentive allocation structures can create an incentive for the managers of the Private Funds to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/incentive allocation structure.

Additionally, the performance-based fee structure could also cause the portfolio managers responsible for the Private Funds to devote a disproportionate amount of time to the management of the Private Funds, and compensation could be larger than it otherwise would have been because the fee/incentive allocation will be based on account performance instead of a percentage of assets under management.

Some of the Private Funds that IDA invests in for clients employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging on the other hand occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return it also increases the amount of risk inherent in an investment. Additionally, certain Private Funds can be more illiquid than others, meaning that an investor’s investment can be “locked up” for a defined period of time or for the life of the Private Fund. The illiquidity of each Private Fund depends on a few factors, including but not limited to the type and liquidity of the Private Fund’s underlying investments. It is important for investors to read the Private Fund’s offering documents fully before investing.

For certain clients, IDA also employs the use of options. Below are some of the main risks associated with investing in options:

- When writing covered call options to produce income for a client’s account, there can be times when the underlying stock is “called” (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
- Option positions can be adversely affected by company specific issues (the issuer of the underlying security) which include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers, and acquisitions. In addition, market related actions, political issues, and economic issues can adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
- Changes in value of the option do not always correlate with the underlying security, and the account could lose more than principal amount invested.

Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options,” which can be obtained



from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), or by calling 1-888-OPTIONS, or by contacting your custodian.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk. Because of the inherent risk of loss associated with investing, IDA is unable to represent, guarantee, or even imply that the Firm's services and 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.

### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers such as IDA are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management.

Mr. Richard Labrum, who serves as an IAR for IDA and was a Founder/Director of Labrum Wealth Management, the majority owner of IDA, agreed to a compromise with creditors on May 15, 2014, which resulted in the short sale of his primary residence. For more information, please see Mr. Richard Labrum's Form ADV Part 2B.

### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **A. Financial Industry Outside Business Activities and Affiliations**

##### *Affiliations*

1) IDA is affiliated with Intelligence Driven Insurance Solutions, LLC ("IDIS") (California insurance license #0N06533), which is a licensed insurance agency offering fixed indexed annuities, life, health, long-term care, and disability insurance to its clients. Certain IARs of IDA are also licensed insurance agents with IDIS. There are times when these IARs recommend the purchase of certain insurance products through IDIS, and/or other insurance companies, to IDA's clients as part of their financial plan. Upon purchase, the IAR, in his or her capacity as an insurance agent, will receive normal and customary commissions. The amount of these commissions and timing of payment can vary depending on the type of insurance purchased. In addition to commissions received, the IARs in their capacity as licensed insurance agents can receive certain sales incentives from insurance companies, including but not limited to the award of vacation travel to domestic and foreign locations, cash bonuses, and/or higher percentage payout of commissions. Additionally, owners of IDA receive an indirect benefit of all insurance sales that are made through IDIS due to the fact that owners share in the profits and losses of the agency.

A conflict exists between the interests of IDA and/or its associated persons and the interest of the Firm's clients to the extent that these IARs recommending the purchase of insurance products will receive commissions and incentives for doing so, should the clients elect to follow such recommendations, even if the recommendations are based on the best interest of the clients and

their needs. Clients are under no obligation to act upon any insurance recommendations. If a client elects to act on any insurance recommendation, the client is under no obligation to effect the transaction through IDIS, or through any IAR of the Firm.

2) IDA owns 100% of IDA Tax which is a CPA firm that provides tax planning and preparation services. From time to time, an IDA IAR will refer a client to IDA Tax for services. Such referrals create a potential conflict of interest, since IDA and its owners, some of whom are IARs, will receive an indirect benefit if a client engages IDA Tax for services, since they share in the profits and losses of IDA Tax. Clients are under no obligation to engage IDA Tax and are free to select any CPA firm of their choosing.

Importantly, IDA is a fiduciary and as such must act at all times in the best interest of its clients. To further address the conflicts identified in #1, 2, & 3 above, IDA provides disclosures to its clients, mainly through delivery of this Brochure, and has implemented procedures to monitor and periodically review the sales practices of its IARs to help ensure all recommendations are made in accordance with the needs of each client.

Messrs. James Pupillo, Frank Gesuale, Darren A. Evans, Aaron Brasfield, and David Brasfield are minority owners of IDA and are affiliated through common ownership with the following companies:

1) LDI Intelligence, LLC – an investment adviser separately registered with the SEC that provides advisory services specifically related to a technology-driven managed account program for retirement plans. LDI does not provide similar investment advisory services and does not service the same type of clients as IDA.

2) LDI-MAP LLC – a retirement plan technology & managed account services firm. LDI-MAP LLC is majority-owned and managed by LDI.

3) LDI Personnel LLC – administers LDI's employee compensation, tax, and benefit costs. LDI Personnel LLC is owned and managed by LDI.

In addition, LDI-MAP LLC owns a software program, iJoin.com, which provides an enrollment and tracking software for retirement plan participants. This product is offered to IDA's retirement plan clients.

Mr. James Pupillo, as the minority owner of LDI, shares in the profit and losses of the above listed firms, which includes receiving an indirect benefit from the sales of the iJoin product. These relationships create conflicts of interest. To address these conflicts, IDA provides disclosures to clients, mainly through delivery of this Brochure. While LDI and IDA do anticipate referring clients to one another, and when such a referral does occur, conflict of interest issues will be disclosed to the client before entering into an agreement to receive services from the other entity. In addition, retirement plan clients are under no obligation to purchase iJoin software. Mr. Pupillo spends approximately 10% of his time providing services for each of the above firms.

#### *Outside Business Activities*

In addition, Mr. Jason is the Managing Member of JADL, LLC, which serves as property manager for the building where IDA's principal office in Carlsbad, CA is located. IDA leases the space from JADL, LLC. Mr. Jason Labrum spends less than 1% of his time on this activity.

Additionally, as outlined in Item 4 above, Mr. Jason Labrum and Mr. Alex Klingensmith are partial owners and serve as co-Managing Members of RE Partners. RE Partners serves as the Managing Member of the Invictus Fund, which was recommended to certain IDA clients in the past but is no longer open to new capital or investors. Mr. Labrum spends less than 1% of his time on this activity. Mr. Klingensmith spends less than 1% of his time on this activity.

Please refer to Form ADV Part 2B supplemental disclosure brochures for Messrs. Jason Labrum and Alex Klingensmith for complete information on their outside business activities.

Finally, Mr. Pupillo serves as a Board Member of Help In Healing Home, a non-profit organization. He spends about 4 hours of his time per month serving on the board and is not compensated. Mr. Pupillo also serves on the finance committee for Optima-Kierland, a condominium HOA in Scottsdale, AZ. He spends about 2 hours of his time per month serving on the finance committee and is not compensated. Please refer to the Form ADV Part 2B supplemental disclosure brochure for Mr. Pupillo for complete information on his outside business activities.

## **B. Recommendations of Certain Private Fund Investments and Related Conflicts**

The Managing Member of the Invictus Fund is RE Partners, which is a real estate management firm that is partly owned by Mr. Jason Labrum and Mr. Alex Klingensmith. Neither IDA nor any of its IARs receive commissions or any other transaction-based compensation in connection with IDA clients' investment in the Invictus Fund. However, through their ownership of RE Partners, Mr. Labrum and Mr. Klingensmith benefit from the profits and remuneration that the Invictus Fund distributes or pays to RE Partners, a portion of which are attributed to investments in the Invictus Fund by IDA clients. This conflict of interest affects the ability of IDA, Mr. Jason Labrum, Mr. Alex Klingensmith and the firm's IARs to provide clients with unbiased, objective investment advice concerning the recommendation of certain Private Fund investments for client accounts. This could mean that other investments that Mr. Labrum and Mr. Klingensmith do not have an interest in, may be more appropriate for an investment advisory client than an investment in the Invictus Fund. Therefore, a conflict of interest exists in the selection of investments for IDA clients. The Invictus Fund is no longer open to new capital or investors so is not actively being solicited to clients. For further information on the compensation Mr. Labrum and Mr. Klingensmith receive for performing outside business activities, along with information on how IDA addresses the conflicts surrounding these activities, please refer to their respective Form ADV Part 2B – Disclosure Supplement.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

IDA is a fiduciary who owes its clients undivided loyalty. This fiduciary obligation imposes upon IDA and its supervised persons (includes all employees, officers, and directors) a duty to deal fairly and to act in the best interest of its clients. In addition, this obligation imposes upon IDA and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure that adequate and accurate representations of its business and

other information about securities are presented to clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, IDA has adopted a Code of Ethics ("Code") which establishes standards of conduct for the Firm's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, and conflicts of interest, such as outside business activities and political contributions,

Because IDA's investment professionals and supervised persons transact, from time to time, in the same securities (including Private Funds) for their personal accounts that the Firm trades in client accounts, it is important to mitigate the potential conflicts of interest surrounding this activity. As such, IDA has adopted personal securities transaction policies in its Code, which all of IDA's supervised persons must follow. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting of and/or obtaining pre-approval for certain conflict activities. Additionally, the Code requires all supervised persons to report any violations and contains procedures on how violations are handled. The Code is reviewed and distributed to all supervised persons annually. IDA will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact IDA at (888) 401-2083.

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

It is IDA's policy not to enter into any principal transactions or agency cross transactions on behalf of Client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory Client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

As mentioned above, from time-to-time IDA's supervised persons buy or sell for their personal account(s) securities or investment products (including Private Funds) identical to those traded for or already owned by clients. Such practices present potential conflicts of interest. To mitigate these conflicts, IDA has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of IDA's fiduciary duty to clients, IDA and its supervised persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to IDA's Code of Ethics.

## **C. Personal Trading**

In order to mitigate the conflicts of interest surrounding personal trading by supervised persons and to comply with all applicable laws and regulations, IDA's Code of Ethics sets forth the professional and fiduciary standards that all supervised persons must follow, including but not limited to obtaining preapproval from Compliance on certain personal security transactions, such as investments in Private Funds, IPOs and other limited offerings. The Firm's intention is to protect client interests at all times and to demonstrate IDA's commitment to its fiduciary duties of honesty, good faith and fair dealing with clients. All supervised persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adherence to the fundamental standard that supervised persons should not take inappropriate advantage of their position;
- Conducting all personal securities transactions in a manner consistent with the adopted policy and procedures, including obtaining pre-approval when required;
- Using reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Complying with all applicable provisions of the federal securities laws.

Notably, IDA's supervised persons also buy or sell specific securities for their own accounts based on personal investment considerations, which IDA does not deem appropriate to buy or sell for clients.

## ITEM 12: BROKERAGE PRACTICES

In some cases, IDA maintains custody of client assets by virtue of being able to debit management fees directly from client accounts and by having limited power to disburse client funds to one or more third parties as specifically designated by the client via a signed Standing Letter of Authorization "SLOA." More information on custody can be found below in Item 15: Custody.

Because we are deemed to have custody of clients' managed assets, such assets must be maintained in an account at a "qualified custodian". IDA typically recommends that clients use Charles Schwab & Co., Inc. ("Schwab"), Fidelity Brokerage Services, LLC ("Fidelity") and Altruist Financial, LLC ("Altruist") which are FINRA-registered and members of SIPC, as the qualified custodian to maintain custody of client assets and to effect trades for client accounts. IDA is independently owned and operated and not affiliated with Schwab, Fidelity or Altruist. Schwab, Fidelity or Altruist will hold our clients' assets in a custodial account and execute securities transactions upon instruction from IDA. While IDA recommends that you use Schwab, Fidelity or Altruist as custodian, clients make the final decision. Each client will be required to open an account with their selected custodian by entering into an account agreement directly with the custodian.

As further described below, factors considered by IDA in recommending Schwab, Fidelity or Altruist include but are not limited to, the reasonableness of their commissions, their financial strength, product availability, research, and other services available to both the client and the IDA. There is no direct link between our participation in a custodian's platform and the investment advice we give to our clients.

### A. Selection Criteria

IDA will place transactions for clients' accounts through the client's appointed custodian (Schwab, Fidelity or Altruist), since these custodians generally do not charge custodian fees so long as transactions for client accounts are executed through them.

There are times, however, when we will have an alternative financial institution execute certain individual transactions, mainly to trade in fixed income securities for accounts held at Schwab (referred to in this sub-section as "Prime Broker"). This is commonly referred to as "step-out" trading and requires both IDA and the client to enter into a written agreement with the Prime

Broker (“Prime Brokerage Arrangement”). IDA only places step out trades when the Prime Broker does not have access to the security, or we believe that best execution for such individual transaction could be achieved outside of the Prime Broker.

Clients are under no obligation to enter into this type of arrangement with their Prime Broker and should fully read and understand the terms of such arrangement prior to executing the agreement. Usually, this type of arrangement requires to client to maintain a minimum net equity of cash and securities in their managed account with the Prime Broker, as determined by the Prime Broker. Also, there are additional transaction fees involved since the executing broker charges a commission and the Prime Broker usually charges a transaction fee. An account will be opened with the executing broker in the name of Schwab as prime broker designated for the benefit of the IDA client. This allows the executing broker to execute the trade and then send the trade to the Prime Broker for settlement into the client’s account.

Prime brokerage arrangements give IDA more access to fixed income securities beyond Schwab’s inventory and helps us seek better execution by having greater flexibility to, in most cases, negotiate price and commission costs with the executing broker. However, clients should understand that the total costs of a prime brokerage transaction will be more than if IDA were to trade only with Schwab. Importantly, IDA will only place prime brokerage transactions when we believe such transactions will provide best execution for the clients.

IDA periodically evaluates the commissions charged and the services provided by the custodian and compares those with other custodians to evaluate whether overall best qualitative execution could be achieved by using alternative custodians. Other factors considered by IDA when evaluating its choice of custodian to recommend are outlined below.

### **How We Select Custodians**

IDA seeks to select and recommend a “custodian” who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. IDA considers a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, ETFs, 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, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength, and stability of the provider;
- the custodian’s prior service to us and our other clients; and
- availability of other products and services that benefit us, as discussed below

### **Schwab Custodian Arrangement**

#### **Custody and Brokerage Costs**

Schwab generally does not charge IDA client accounts separately for custody services but is compensated by charging clients commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to IDA client accounts were negotiated based on our commitment to maintain IDA client assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if IDA had not made the commitment. In addition to commissions, Schwab charges a flat dollar amount as a "trade away" fee for each trade that IDA executes by a different financial institution but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation you pay the executing financial institution. In order to minimize trading costs, IDA will use Schwab to execute trades for your account if IDA believes it is in your best interest to do so.

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

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like IDA. They provide IDA and our clients with access to its institutional services which include trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (*i.e.*, IDA does not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Below is a detailed description of Schwab's support services:

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

*Schwab Services that May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist IDA in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. IDA may use this research to service all, some or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes 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.

*Schwab Services that Generally Benefit Only Us.* Schwab also offers 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.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also may discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab may provide IDA with other benefits such as occasional business entertainment of our personnel.

Other potential benefits to IDA include occasional business entertainment of personnel of IDA by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Schwab makes available, arranges and/or pays vendors for products and services rendered to IDA by independent third parties (such as Morningstar, Orion, and other IT Vendors). While, as a fiduciary, IDA endeavors to act in its clients' best interests, IDA's recommendation/requirement that clients maintain their assets in accounts at Schwab can be based in part on the benefit to IDA of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and institutional services provided by Schwab, which creates a potential conflict of interest.

### **IDA's Interest in Schwab's Services**

The availability of these services from Schwab benefits us because IDA does not have to produce or purchase them. IDA does not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give IDA an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services 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 potential conflict of interest.

IDA believes, however, that our selection of Schwab as custodian is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services (based on the factors discussed above – see "How We Select Custodians ") and not Schwab's services that benefit only us. We do not believe that maintaining at least \$10 million in assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Please refer to Item 14 for further information regarding trading and compensation pertaining to the arrangements IDA has with Schwab.

### **Fidelity Services**

IDA has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides IDA with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like IDA in conducting business and in serving the best interests of their clients, but also benefit IDA. Platform services are provided at no cost to IDA.



Fidelity charges commissions and transaction fees to clients for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables IDA to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians.

As a result of receiving services for no additional cost, IDA has an incentive to continue to use or expand the use of Fidelity's services. IDA has examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and believes that the relationship is in the best interests of clients and satisfies our obligations to clients, including our duty to seek best execution. See further information on best execution below.

### **Altruist Services**

IDA offers investment advisory services through the custodial platform offered by Altruist Financial LLC ("Altruist"), an unaffiliated SEC-registered broker dealer and FINRA/SIPC member. Custody, clearing and execution services are provided by Altruist Financial LLC as a self-clearing broker-dealer. IDA's clients establish brokerage accounts through Altruist. IDA maintains an institutional relationship with Altruist whereby Altruist provides certain benefits to IDA, including a fully digital account opening process, a variety of available investments, and integration with software tools that can benefit IDA and its clients. IDA is not affiliated with Altruist. Altruist does not supervise IDA, its agents, activities, or its regulatory compliance.

### **Clients in Robo-Adviser Programs**

Under each robo-adviser program, the trading is performed by the sponsor of the program. Please refer to the disclosure documents for the respective robo-adviser for further information.

## **B. Best Execution**

As stated above, IDA's general policy is to place client trades with their custodian (e.g., Schwab, Fidelity or Altruist), with the exception of Prime Broker transactions, and IDA will continue to do so as long as the Firm believes that the custodian is providing the best overall deal for the client and they remain competitive in relation to executions and the cost of each transaction ("best execution").

Although IDA will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and IDA does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a custodian's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while IDA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. IDA is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the custodian which are included in the commission rate.

To ensure that custodians recommended by IDA are conducting overall best qualitative execution, IDA will periodically (and no less often than annually) evaluate the trading process and custodians utilized. IDA's evaluation will consider the full range of services offered by the custodians, which can include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

### **C. Soft Dollar Considerations**

IDA's general policy is to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") when entering into soft dollar arrangements. Section 28(e) recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to use client commissions to pay for certain research and products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to IDA in making investment decisions for its clients. "Products and Services" are those used to effect securities transactions for IDA's clients or to assist in effecting those transactions.

Research and other products and services purchased with soft dollars will generally be used to service all of IDA's clients, but commissions paid by one client can be used to pay for research that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there can be certain client accounts that benefit from the research services, which did not make the payment of commissions to the financial institution providing the services.

Products and services obtained with soft dollars can include, for example, quotation and communication equipment and services, other order management systems that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders.

Research and related services can include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research received by IDA under such soft dollar arrangements can include both proprietary research (created or developed by the financial institution/custodian) and research created or developed by a third party.

If and when IDA receives both non-research (e.g., administrative, accounting or technology services, etc.) and research benefits, IDA will make a good faith allocation between the non-research and research portion of the services received, and will pay "hard dollars" (i.e., IDA will pay from their own monies) for the non-research portion. In making a good faith allocation between research services and non-research services, a conflict of interest exists by reason of IDA's allocation of the costs of such services and benefits between those that primarily benefit IDA and those that primarily benefit clients. IDA strives to always put the client's interests first.

As stated above, IDA recommends that clients establish custodial accounts with Schwab, Fidelity or Altruist to maintain custody of clients' assets and to effect trades for their accounts. While there is no direct link between the investment advice given to clients and IDA's recommendation to use the custodial services of Schwab, Fidelity or Altruist, IDA receives certain benefits due to this arrangement, as outlined above.

#### **D. Directed Brokerage**

Currently, IDA does not accept client directed brokerage arrangements.

#### **E. Trade Order Aggregation and Allocation**

There are times when IDA determines that it is appropriate to attempt to execute trade orders for certain clients as one or more block trades, which is also known as "aggregating" the trades. Generally, IDA will aggregate client trade orders, including proprietary (employee) accounts that are trading in the same security at the same time, if in our judgment such aggregation would be in the best interests of those participating in the aggregated order. Upon execution, all clients participating in the aggregated trade will receive the same price. If the order is only partially filled, IDA will usually allocate the securities traded among clients on a pro rata basis. IDA maintains written policies and procedures covering the aggregation and allocation of transactions.

#### **F. Allocation of Investment Opportunities in Private Funds**

IDA, from time to time, recommends investments in Private Funds to certain IDA clients. Such investments are generally available only to a limited number of sophisticated investors that meet the definitions of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act") and/or "qualified client" under the Investment Advisers Act of 1940. Additionally, Private Funds are considered "limited offerings," since they only accept a limited amount of funds for investment.

When determining which clients should receive a recommendation to invest in a Private Fund, IDA considers a number of factors, including but not limited to a client's sophistication and qualification, investment objectives, risk levels, along with the amount of available cash in a client's accounts. IDA's strives to allocate in a fair and balanced manner; however, given these differing factors and the fact that Private Funds are limited offerings, the allocation of investment opportunities in Private Funds to IDA clients is subjective and not all qualifying clients will be provided an investment opportunity.

Additionally, there are times when IDA Associated Persons invest in certain Private Funds that are recommended to clients. When this occurs, a conflict exists, which is addressed by requiring the Associated Person to obtain written approval from the CCO prior to investing.

It is important that qualifying clients receiving a recommendation to invest in a Private Fund read the offering or private placement memorandum prior to investing to fully understand the risks and conflicts pertaining to the Private Fund investment.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **A. Periodic Reviews**

Client accounts are monitored on an ongoing basis. Periodically, reviews are conducted by IDA to check for consistency with the investment strategy implemented in accordance with the parameters set forth by the client and the client's financial plan, and to determine if any adjustments need to be made. Client account reviews occur at least annually or upon request by the client.

#### **B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered when a client notifies the Firm of changes in his/her personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify IDA and its representatives of any changes in their personal financial situation that might affect their investment needs, objectives, risk tolerance, tax status, time horizon or other material information IDA may have relied upon during the course of providing its services.

#### **C. Regular Reports**

Written custodial statements are generated no less than quarterly and are sent directly from the account custodian or carrier. These reports list the account positions, activity in the account over the covered period, and other related information. In addition to the regular statements that clients receive from their custodian, during certain client reviews, IDA will provide additional reports concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, upon client request. Clients are encouraged to compare the reports received from IDA to the statements sent by the account custodian and other third parties.

Written performance reports, portfolio structure evaluations, cash flows and/or related reporting are provided to financial planning clients, depending on the services IDA is providing to the financial planning client. IDA will provide certain account and/or performance reports to clients upon request.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

#### **A. Incoming Referrals**

IDA, from time to time, will enter into agreements with individuals and organizations, some of whom will be affiliated or unaffiliated with IDA that refer clients to the Firm (commonly referred to as "promoters"). All such agreements will be in writing and comply with the applicable state and federal regulations. If a client is introduced to IDA by a promoter, IDA will typically pay that promoter a fee in accordance with the applicable federal and state securities law requirements. While the specific terms of each agreement may differ, generally, the compensation will be based upon the percentage of fees paid to IDA by such clients. Any such fee shall be paid solely from IDA's fees and shall not result in any additional charge to the client.

Each prospective client who is referred to IDA under such an arrangement will receive a copy of the Firm's ADV Part 2A and a separate written disclosure document disclosing the nature of the relationship between the third-party promoter and IDA and the amount of compensation that will

be paid by IDA to the promoter. The CCO will supply each promoter with a current copy of the Promoter Disclosure Statement and IDA's Form ADV Part 2A (the "Disclosure Brochure"), and Form CRS and any amendments thereto for reference and delivery by the promoter to all prospective clients referred to IDA. IDA is responsible for overseeing that the prospective client received those documents and for maintaining all required records relating to referral arrangements entered into by the Firm.

### **Participation in Schwab Advisor Network**

In the past, IDA received client referrals from Charles Schwab & Co., Inc. ("Schwab") through IDA's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is an independent custodian and unaffiliated with IDA. Schwab does not supervise IDA and has no responsibility for IDA's management of clients' portfolios or other advice or services. IDA continues to pay fees to Schwab for the client referrals IDA received through the Service. IDA's participation in the Service raises potential conflicts of interest described below.

IDA pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by IDA is a percentage of the fees the client owes to IDA or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. IDA pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to IDA quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by IDA and not by the client. IDA has agreed not to charge clients referred through the Service any fees or costs greater than the fees or costs IDA charges clients with similar portfolios who were not referred through the Service.

IDA pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not being maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fee that IDA generally would pay in a single year. Thus, IDA has an incentive to recommend that referred clients' accounts continue to be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of IDA's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, IDA has an incentive to encourage household members of clients referred through the Service to continue to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit IDA's fees directly from the accounts.

For accounts of IDA's clients maintained in custody at Schwab, Fidelity or Altruist, Schwab, Fidelity and Altruist will not charge IDA clients whose managed assets are custodied with them separately for custody, but they receive compensation from IDA's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab, Fidelity or Altruist, as applicable. Schwab, Fidelity and Altruist also receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through financial institutions other than them. Schwab, Fidelity and Altruist's fees for trades

executed at other financial institutions are in addition to the other fees. IDA acknowledges its duty to always seek best execution of trades for client accounts. Please refer to Item 12 for further information on IDA's best execution process.

### **B. Referring Clients to Third Parties**

From time-to-time IDA will refer a client to an unaffiliated third-party professional, such as an attorney or accountant. IDA receives permission from the client prior to sharing any client information with such third parties in accordance with the Firm's privacy policies. IDA does not receive any direct or indirect compensation for these referrals. However, there are times when the third-party professionals will refer potential clients to IDA.

### **C. Other Compensation**

As more fully explained in Item 12.B, above, IDA is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. The Firm can enter into these "soft dollar" arrangements whereby securities transactions are directed to certain custodians/financial institutions in return for investment research products and/or services which assist IDA in its investment decision-making process. The receipt of such services can be perceived to serve as an economic benefit to the Firm, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business based on the receipt of such benefits rather than on a client's interest in receiving most the favorable execution. To mitigate this potential conflict of interest, and as part of IDA's fiduciary duty to its clients, the Firm endeavors at all times to put the interest of the clients first.

As stated in Item 10, above, certain individuals of the Firm are also licensed insurance agents, registered representatives with IAA, and have other outside business activities. These activities create conflicts of interest, which are further disclosed in Items 4, 5, 6, 8, 10 & 13 above, and also in each IAR's Form ADV Part 2B (Supplemental Disclosure Brochure), along with information on how IDA addresses such conflicts.

From time to time, IDA's Associated Persons attend or hold sponsored events, the expenses of which are borne either partially or entirely by a third-party entity, such as a mutual fund company or other financial industry service provider. Representatives of these third-party entities are usually also present at these sponsored events with IDA compensating these individuals for their attendance. From time to time, representatives of various investment firms may sponsor a meal to apprise representatives of IDA of product developments or changes. The fact that these events are paid for by third parties creates a conflict of interest because it gives IDA an incentive to recommend and/or invest clients' assets in the investment products of these third parties (e.g., mutual funds) or utilize the third-party firm to provide services to IDA clients. To address the conflict, the Associated Person must obtain pre-approval from the President and Chief Compliance Officer prior to accepting any sponsorships from third parties and prior to compensating or sponsoring third parties.

## **ITEM 15: CUSTODY**

Pursuant to the Investment Advisers Act of 1940, IDA is deemed to have "constructive custody" of client funds because the Firm has the authority and ability to debit its fees directly from the

accounts of those clients receiving IDA's Investment Management Services. To mitigate any potential conflicts of interest, all client assets are maintained with an independent qualified custodian.

In some cases, clients wish to grant IDA the limited power to disburse funds to one or more third parties as specifically designated by the client via a signed Standing Letter of Authorization "SLOA." After granting the investment adviser this limited authorization, the client then instructs the qualified custodian for the client's account to accept the investment adviser's direction on the client's behalf to move money to the third party designated by the client on the SLOA. The investment adviser is authorized to act merely as an agent for the client. The client retains full power to change or revoke the arrangement. Because IDA enters into such arrangements with its clients, we therefore have custody of client assets and are required to comply with the Custody Rule under Rule 206(4)-2 of the Advisers Act requiring investment advisers to obtain a surprise examination, except where it acts pursuant to such an arrangement under the following circumstances:

1. The client provides an instruction to the qualified custodian, in writing, which includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

At this time, IDA complies with all seven conditions and therefore is not required to comply with the Custody Rule's annual surprise exam requirement.

When exercising its discretionary authority, IDA may only implement its investment management recommendations after the client has arranged for and furnished the Firm with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by other third parties. Statements sent by third parties may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to IDA's relationship with custodians.

In regard to the Invictus Fund, IDA does not provide investment advisory services and has no authority to withdraw any of the Fund's assets at any time or under any circumstances. Mr. Jason Labrum and Mr. Alex Klingensmith do have indirect authority since they are partial owners and co-Managing Members of the Fund's Managing Member, RE Partners. Importantly, as outlined in the Invictus Fund's offering documents, the Fund obtains audits of its financials annually by an accounting firm that is registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), and the audited financial statements are distributed to all investors in the Invictus Fund within 120 days of the Fund's fiscal year end.

#### **ITEM 16: INVESTMENT DISCRETION**

For IDA's Investment Management Services, the Firm has discretionary authority to determine, without first obtaining client's permission, the appropriate model assignment for each account including future changes, and the following discretionary authority for each transaction: 1) the type of securities to be bought and sold, 2) the dollar amounts of the securities to be bought and sold, and 3) whether a client's transaction should be combined with those of other clients and traded as a "block." The Firm's clients grant IDA this discretionary authority by signing the Firm's Investment Advisory Agreement. This includes clients in our robo-adviser programs and TAMP Clients.

For clients that are receiving Financial Planning & Consulting Services on a non-discretionary basis, IDA will make recommendations to the client regarding the purchase or sale of securities or other assets that they consider to be in the best interest of the client. The client has full discretion to accept or reject the Firm's recommendations and is responsible for implementing any accepted recommendations with any financial institution the client chooses.

#### **ITEM 17: VOTING CLIENT SECURITIES**

IDA's policy and practice is to not vote proxies on behalf of its clients. Therefore, the Firm shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account, and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. IDA will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

IDA does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

#### **ITEM 18: FINANCIAL INFORMATION**

IDA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. IDA does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.