

# **Independent Solutions Wealth Management LLC**

**305 Spindrift Drive  
Williamsville, New York 14221**

**(716) 568-8566**

**[www.iswealthmanagement.com](http://www.iswealthmanagement.com)**

## **Firm Brochure (Part 2A of Form ADV)**

### **Item 1 - Firm Brochure Cover Page**

**March 1, 2021**

This Brochure provides information about the qualifications and business practices of Independent Solutions Wealth Management LLC. If you have any questions about the contents of this Brochure, please contact Michael Zimmer at (716) 568-8566 or by email at [mzimmer@iswealthmanagement.com](mailto:mzimmer@iswealthmanagement.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Independent Solutions Wealth Management LLC is an investment advisory firm registered with the SEC. References to its SEC registration as an investment advisor, however, do not imply any level of skill or training or implied approval by the SEC. Oral and/or written communications of an advisor are intended to provide you with information with which you can determine to hire or retain that advisor.

Additional information about Independent Solutions Wealth Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

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### **Annual Update**

As required by Securities and Exchange Commission (SEC) regulations, this Firm Disclosure Document for Independent Solutions Wealth Management LLC is subject to ongoing review by the Firm's management. This Material Changes section of the brochure is updated at least annually, or more frequently, if/when material changes have occurred since the previous release of the Disclosure Document. In the event there have been material changes, clients of Independent Solutions Wealth Management LLC will receive a copy of this Material Changes page which reflects those noteworthy changes.

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### **Material Changes Since the Last Update**

Since its last Disclosure Document filing in December 2020, Independent Solutions Wealth Management LLC implemented noteworthy policy and/or procedural changes relative to its investment advisory practice deemed by the Firm's Chief Compliance Officer to merit amending this Disclosure Document and forwarding of Material Changes notifications of those changes to its clients, in keeping with regulatory requirements. Accordingly, our clients are herein advised of the following changes since its last Disclosure Document amendment filing:

Clients are herein advised that effective October 2020, John Haberstro and Dawn Robinson terminated their association with Independent Solutions Wealth Management LLC in their capacities as Investment Advisor Representatives of the Firm.

The Firm elected during the fourth quarter of 2020 to participate in private placement securities offerings for qualified clients, as defined by the Securities and Exchange Commission.

Independent Solutions will no longer offer new clients the option of utilizing its Beta Source portfolio model effective March 15, 2021.

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### **Full Brochure Available**

Independent Solutions Wealth Management LLC will provide its clients with its most current Disclosure Document and Brochure Supplement, which is comprised of Form ADV Part 2A, Part 2B Brochure Supplement and Part 3 (Client Relationship Summary or Form CRS), at any time without charge. If significant, material changes to the manner in which our Firm conducts its advisory business are enacted by the Firm, each client will be provided with this Material Changes section of our Disclosure Document advising them of such changes. In addition, annually it is offered to all clients through a separate mailing.

Our Form ADV Parts 2A and 2B, outlining the history and qualifications of our Firm and its advisors, are offered as separate free-standing documents. Part 3 is provided along with our Form 2A as well. Our Disclosure Document and Brochure Supplement may be requested at any time by contacting Michael Zimmer, the Firm's Chief Operations Officer, at (716) 568-8566 or [mzimmer@iswealthmanagement.com](mailto:mzimmer@iswealthmanagement.com). Additional information about Independent Solutions Wealth Management LLC and its Investment Advisor Representatives is also available via the SEC's web site, [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Independent Solutions Wealth Management, LLC

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## **Item 4 – Advisory Business**

Independent Solutions Wealth Management LLC, hereinafter referred to as “Independent Solutions”, “we”, “us” or “Firm”, has been in business since 2008. The Firm is owned by Glenn Wiggle, Michael Lomas and Daniel Neiman, each of whom retain more than 25% ownership interest in the Firm. We provide various types of investment advice and related financial services for individuals and businesses, based upon the investment objectives of the particular client. We offer our investment advisory services on both a discretionary and non-discretionary basis. If we are engaged on a non-discretionary basis, you are under no obligation to act upon any of our recommendations or to implement those recommendations through Independent Solutions. If we are engaged on a discretionary basis and a client wishes to impose restrictions on investments by specific security or asset class, the client may do so in writing.

Depending upon your circumstances and desired services, our investment management services are primarily offered through the following asset management options:

- (1) Mutual Fund Portfolio Management (selecting and managing a portfolio of mutual funds);
- (2) Exchange Traded Fund (ETF) Portfolio Management (selecting and managing a portfolio of exchange traded funds
- (3) Stock Portfolio Management (selecting and managing a portfolio of individual securities);
- (4) Third-Party Manager Selection (selecting one of more third-party managers for your account);
- (5) Financial Plans and Third-Party Financial Plans (consulting services including financial analyses and development of long-term strategies);
- (6) Tactical Portfolio Management (selecting and managing actively traded portfolios using primarily ETFs, mutual funds and/or individual securities); and/or
- (7) Small Account Models.

### **Mutual Fund Portfolio Management**

You may engage us to provide diversified portfolio management. In that case, depending on your personal financial situation, we may recommend that you invest in accordance with one or more of our mutual fund portfolios. We have developed a number of portfolios which may include limited partnerships and/or other non-traditional asset classes. All portfolios are based upon asset allocation and diversification principles paired with a client’s specific risk tolerance. Management of these portfolios is generally delegated to third-party money managers that have been subjected to an in-house due diligence review prior to being included on our list of “Best in Breed Money Managers.”

The first step we take in determining our list of “Best in Breed Money Managers” is to establish an asset allocation model for portfolio offered. Each model is designed to adhere to one of the widely recognized broad asset allocation classifications which are:

- i. very conservative
- ii. conservative
- iii. moderate

- iv. moderate aggressive
- v. very aggressive

After determining the broad asset classes, we next determine the more detailed allocations using categories from large cap growth and value to international real estate. In most cases, we use at least eight sub-asset classes in each portfolio. We then break down the available mutual funds into these sub-asset classes. By doing so we are able to compare various fund managers' styles and performance to other managers who are buying the same types of investments. By following these specific research procedures, we are able to identify our "Best in Breed Money Managers."

We re-evaluate the managers on a monthly basis in order to determine whether our managers are still performing according to our criteria. If we are concerned about the performance of one of our managers, that manager will be placed on probation and tracked on a monthly basis. If we determine that the manager is solidly performing, then the manager will likely stay on our list of managers. If we determine that the underperformance is due to a manager change, a shift in investment policy or just poor security selection, the manager may be replaced.

The last step in our approach is portfolio review. We will review on a semi-annual basis the clients' portfolio allocations in relation to their model allocation. If warranted, we will rebalance at that semi-annual review. In certain cases, based on market conditions or possibly in the event of a manager change, we may rebalance more frequently or less frequently than semi-annually.

#### **Exchange Traded Fund (ETF) Portfolio Management**

You may engage us to provide Exchange Traded Fund (ETF) Portfolio Management services to you. In that case, depending on your personal financial situation, we may recommend that you invest in one or more ETF portfolios. We manage our ETF portfolios in a manner similar to our management of mutual fund portfolios. An ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes throughout the day as it is bought and sold. We use our research capabilities to allow us to compare performance and cost of funds that track the same or similar indexes to determine the "Peer Group Outperformers." The indexes used follow the same broad asset allocations as previously referenced in the mutual fund description above.

By taking these "Peer Group Outperformers" and using them in more specific, detailed asset classes, we form our ETF Portfolios. The same ongoing management we instill in our mutual fund portfolios carries over to our ETF Portfolios, namely re-applying research on a monthly basis and re-balancing semi-annually if necessary.

#### **Stock Portfolio Management**

If you are interested in investing in individual securities, we may recommend our Stock Portfolio Management services using a portfolio of individual stocks, bonds or other types of securities. Because our Stock Portfolio Management involves more active trading and a higher degree of risk, this is not a suitable investment for every client. Stocks held in the account are closely monitored, typically on a daily basis, and may involve short-term trading activities. Generally, we do not take into consideration the income tax effects of purchases and sales of securities held in the account.

Clients may be subject to additional fees/expenses, such as ticket charges or asset-based pricing, which could be charged by the clearing firm executing the actual securities trades. We require a minimum account balance of \$100,000 for clients who elect to use our Stock Portfolio Management services. We may waive this requirement for any reason including, but not limited to, a client having additional or related accounts under our management that in aggregate meet or exceed our account minimum requirements.

### **Third-Party Manager Selection**

You may engage us to evaluate, select, utilize and monitor the investment performance of independent investment managers (“Third-Party Managers”). Third-Party Managers may offer specialized expertise and experience in specific asset classes and, by retaining their services, you may achieve greater diversity in your investment portfolio and strategies.

We will obtain and provide you with information about Third-Party Managers, including their disclosure brochure, Form ADV Part 2. You may, however, be subject to any minimum account sizes or other conditions which could be imposed by a Third-Party Manager. Generally, though, we may be able to obtain exceptions from those conditions for our clients. Upon selecting a Third-Party Manager, clients then directly engage that Third-Party Manager using its respective client services agreement. Clients are billed for that advisor’s fees and charges which are disclosed in the advisor’s Form ADV Part 2 and advisory agreement.

On an ongoing basis, Independent Solutions will monitor and periodically report to you on the Third-Party Manager’s performance with respect to your assets under that advisor’s management but is not responsible for the manager’s actions, omissions or performance. Our responsibility is limited to initially evaluating and recommending suitable managers for your account based upon reasonably available information at the time of that manager’s engagement and periodically reporting on the manager’s investment performance for your account. We will perform an initial limited background investigation on each manager, based in large part upon the information provided to us by the advisor and public sources of information. We may from time to time update our limited background check on a manager if known changes in the advisor’s circumstances warrant.

Generally, Independent Solutions does not receive any compensation from a Third-Party Manager for referring our clients to them. Should we elect to change this policy, our clients will receive a copy of the Material Changes section of this Brochure which will outline the nature of the referral, our referral relationship with Third-Party Managers and the referral compensation we would receive.

If you terminate your relationship with Independent Solutions, you may be able to continue using the Third-Party Manager, at the discretion of you and the respective Third-Party Manager utilized. Independent Solutions, however, will have no continuing responsibilities after our termination with respect to your account or the manager.

### **Financial Plans and Third-Party Financial Plans**

You may engage Independent Solutions or a Third-Party Manager to develop a formalized financial plan and corresponding asset management recommendations consistent with your financial objectives which will serve as a “road map” with which you can make and evaluate your management decisions. These services may entail separate but additional fees from standard asset management fees. Generally, these fees may be negotiable or waived, as can any requirement to implement recommendations with the party developing the plan.

### **Tactical Portfolio Management**

While most of our investment strategies involve strategic asset allocation, we do offer a tactical stock model. The tactical model has the ability to hold cash/money market, long and/or short market positions for varying periods of time depending on market conditions. The Firm will typically use index funds or ETFs as primary account holdings, however.

The tactical portfolio may also at times use leveraged ETFs. These types of ETFs use financial derivatives and debt instruments to magnify for its investors the returns of the underlying respective indexes they track (i.e. Dow Jones Industrial Average, Nasdaq-100, etc.). They seek to maintain a constant amount of leverage, such as 2:1 or 3:1, over the timeframe that assets are invested in them. For example, in a 2:1 leveraged ETF every \$1 of investor funds is matched with an additional \$1 of invested debt. As a result, if that leveraged fund’s benchmark index returns 1% then the fund would show a 2% gross return. That 2% gross would be reduced by management fees and transaction costs to yield a net return of less than the 2%. Conversely, if the index drops by 1%, the fund would show a gross loss of 2%.

### **Small Account Models**

Independent Solutions also offers small account models for the convenience of our clients and advisors/solicitors to allow clients to consolidate assets as they grow their portfolios to the minimal balances which may be required for other management options. This option is provided through the direct investment of individual client assets in select Neiman Funds, which currently include Neiman Opportunities Fund, Neiman Balanced Allocation Fund and Neiman Large Cap Value Fund. Clients are allowed to purchase shares in these funds on a load-waived basis. In addition, since Independent Solutions and Neiman Funds Management LLC have mutual owners, our Firm’s standard investment advisory fee is waived as well.

To qualify for smaller account models, clients need to have other accounts at Independent Solutions where the total of all accounts invested with us for their households is at least \$50,000 in total assets. Under some circumstances, Independent Solutions may waive this requirement at its discretion. Small account portfolios require a minimum of \$3000 initial investment to establish the portfolio. Once the account value reaches \$50,000 by either additional contributions or market appreciation, we require a transition into one of our standard portfolio management options, with all related fees applicable to the portfolio selected. This requirement may also be waived at the discretion of the Firm.

While the Firm may elect to waive some fees for its small accounts, clients introduced to Independent Solutions through a solicitor for our Firm may charge a separate solicitor fee of up to

2.00% of assets invested in these funds. More detail on this point is disclosed later in Item 10 of this document. While we will bill and collect these fees from our clients, Independent Solutions does not share in any portion of these solicitor fees.

### **Types of Investments**

We offer advice about a wide variety of investment types, including individual stocks, mutual funds, index funds, exchange-traded funds, and fixed and variable annuities. With respect to these investments, you should be aware of the following:

**Mutual Funds, Index Funds and Exchange-Traded Funds:** Mutual funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and, upon request, can be provided by our firm.

Consequently, for any type of mutual fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Generally speaking, most mutual funds may be purchased directly, without using our services, without incurring our advisory fees. Moreover, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms in consideration of their services to the fund's shareholders.

Most mutual funds offer several "classes" of their shares which may be purchased by different types of investors or investors with different investment objectives. These are also described in the mutual funds' prospectuses. Depending on your investable assets, investment objectives, and time horizon, different classes may be more appropriate for your circumstances. In most cases, Independent Solutions purchases funds that are load-waived or no-load funds to save expenses for the client. We would be happy to discuss the benefits and alternatives with you if you desire.

**Variable Annuities:** Variable annuities are highly complex financial products offered by insurance companies. Your investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances and we would be pleased to discuss them with you. Like other types of investments, commissions are paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges and other expenses are disclosed in the prospectus.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are

two layers of advisory fees incurred – one layer by the insurance company and one layer to our firm for our advisory services.

**Private Placements:** Publicly-traded companies often seek to raise capital through the offering of unregistered securities of stock, bonds or warrants to a limited number of qualified or accredited investors, as defined by the SEC. These offerings are handled outside normal public market trading venues by select brokers or advisors and are referred to as private placements. Effective in 2021, Independent Solutions offers to serve as a private placement broker for accredited clients of the Firm.

### **Account Minimums and Criteria**

Our minimum account size varies depending on the type of model and portfolio and ranges from \$3,000 up to \$100,000. We may waive minimum account requirements for any reason including, but not limited to a client that has additional or related accounts that together exceed the minimum requirements.

Also, certain Third-Party Manager(s) may impose more restrictive account requirements. In such instances, we may alter our corresponding account requirements to accommodate those of the Third-Party Manager(s).

### **Other Firm Information**

As of December 31, 2020, the Firm's total assets under management for advisory clients was approximately \$ 707,943,873 within 4031 advisory client accounts. All assets under the Firm's direct management as of that date were being managed on a discretionary basis only.

Clients of Independent Solutions may elect to utilize the services of Plan Confidence, an unrelated independent registered investment advisory firm which may provide qualified retirement plan allocation advice to clients of our Firm through an on-line venue. For clients utilizing their services, our Firm acts only in the capacity of a co-advisor with Plan Confidence and will execute Plan Confidence's recommendations for clients on a non-discretionary basis. Plan Confidence charges each client's monthly fee for their service directly to the client's credit card and remits a portion of this charge to Independent Solutions. Clients hold the ability to engage or terminate their relationship with Plan Confidence directly on-line at any time, without Independent Solutions' involvement.

At this time, Independent Solutions does not participate in any wrap fee programs but may serve as asset manager for advisory assets held by its clients in outside wrap programs.

## **Item 5 – Fees and Compensation**

### **Financial Planning and Consulting**

Independent Solutions provides financial planning and consulting services specific to each client's financial concerns, risk tolerance, investment return objectives and, where applicable, their tax status. Their advisor may also provide general non-investment advice on topics ranging from tax and budgetary planning, estate planning, insurance planning and business planning. While

generalized advice may be given in these areas, neither the Firm nor its IARs are tax accountants or attorneys. In these areas, clients are instructed to consult with their tax or legal advisors for specific recommendations.

Clients electing comprehensive financial planning services are charged a fee ranging from \$500 to \$10,000 based on the complexity of their financial concerns and the range of services to be provided by the Firm in conjunction with developing their financial plan. In these cases, the advisor performs all necessary information gathering and is primarily responsible for interactions with the client. If a financial planning client was referred to us by a solicitor, the client may also be charged a solicitor's fee ranging from \$0 to \$10,000 if the referring solicitor assists with information gathering from the client. The Firm does not share in the solicitor fee, if charged.

The advisor estimates the length of the project, the amount of work involved and the range of services that will be provided. These issues are discussed with the client and the fees are noted in the financial planning or consulting agreement the client signs. Fees for these services are due and payable either upon completion of the services or monthly in arrears based on the services received.

It is anticipated that the financial plan produced will be delivered within six months of the date of the agreement. The advisor considers fees for financial planning or a consulting project to be earned as progress is realized toward creation of the plan or completion of the service. Since fees are payable after services are performed, there are no unearned fees and the client is not due a refund upon early termination of an agreement. However, the advisor's fees are prorated from five (5) business days after signing the agreement to the date of termination.

When multiple services are offered, there is a potential conflict of interest since there is an incentive for the party offering financial planning services to recommend products or services for which the advisor, or a related party, may receive compensation. However, financial planning clients are under no obligation to act upon any recommendations of the advisor or to affect any transactions through the advisor if they decide to follow the recommendations.

If a client elects to engage the Firm for consulting services, we will typically charge hourly rates ranging from \$150 to \$300 per hour depending on the nature and complexity of the project. Fees for consulting projects may be billed monthly, at the end of a project or as agreed to with the client.

### **Advisory Fees**

Depending on specific client circumstances or particular models, the Firm's advisory fees may be waived or negotiated, at the discretion of the Firm's President. Advisory fees for our Mutual Fund Portfolio Management service, ETF Portfolio Management service and Third-Party Manager Selection service range from 0% (if fees are waived) up to 2.50% (250 basis points) of the assets in the account as specified in our Investment Management Agreement. Our advisory fee for the Stock Portfolio Management service may range from 0% (if fees are waived) up to 2.75% (275 basis points) of the assets in the account.

Advisory fees assessed to clients are specified in the Investment Management Agreement executed at the time a client engages the services of Independent Solutions. Appropriate portfolio models

and their respective fee schedules are determined by the IAR based on suitability and financial objective parameters conveyed by the client during initial discovery interviews. Fees may be negotiable within a client's selected Fee Schedule at the discretion of the IAR.

In determining the fee that we charge clients who are referred to us by a solicitor, we start with a base fee of either 0.20% (20 basis points), 0.50% (50 basis points) or 0.75% (75 basis points), depending upon which portfolio a client will be utilizing. Generally, fixed income portfolios will have a base fee starting at 0.20%, most mutual fund or ETF portfolios at 0.50% and stock portfolios at 0.75%. To that base fee, we add the solicitation fee charged by the referring solicitor, which is specified in the Solicitor Disclosure Statement given to them by their solicitor. If there is no solicitor involved, we will charge a fee of 0.50% (50 basis points) up to 2.50% (250 basis points). If you are referred to us by a solicitor, your total advisory fee will be based, in part, on the amount of the solicitation fee paid by us to the solicitor. Depending upon the amount of fees paid to a solicitor, you may be paying more or less than our other clients who were not referred by a solicitor for the same advisory services. As stated above, the Firm's President may allow exceptions to these fees, at his discretion.

The advisory fees are in addition to any fees charged by third-party investment advisors utilized as independent asset managers under our Third-Party Manager Selection service. You may also incur fees and charges for brokerage and/or custodial services such as ticket charges or other expenses charged by third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees or other fees and taxes on brokerage accounts and securities transactions in connection with the management of your account. Mutual funds and exchange traded funds may also charge sales commissions and internal management fees, which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee. However, we will not receive any portion of these commissions, fees or additional costs incurred by clients.

Mutual funds and stock investments are meant to be long term investments. You may be subject to short-term trading fees imposed by some mutual fund companies held in managed mutual fund portfolios. These fees typically range from 1.00% to 2.00% and are charged when a fund in the portfolio is liquidated within ninety (90) days of purchase. Such short-term trading fees are exclusive of and in addition to our fee, as well, and we will not receive any portion of these fees.

Independent Solutions is compensated for its asset management or advisory services based on the percentages specified above applied to each client's assets under management. Fees are billed quarterly in arrears and are negotiable. Fees are due on the first day of the calendar quarter and are based on the account's asset value as of the average daily balance of the previous calendar quarter. Fees are prorated for accounts opened or closed during the quarter.

Independent Solutions may from time to time acquire Investment Advisor Representatives that bring existing client relationships to the Firm. When this is the case, their existing advisory client relationships may be "grandfathered in" under their previous fee schedule, which may differ substantially from Independent Solutions' fee schedule described above. Under these circumstances, the Independent Solutions Investment Management Agreement executed with their

clients will contain the grandfathered fee schedule previously agreed upon as opposed to the Firm's standard advisory fee schedule, subject to the review and approval of the CCO and/or President.

The Firm may also from time to time unilaterally amend its fee and/or billing arrangements. Generally, any such change will become effective after thirty (30) days prior written notice from the advisor to the client, unless the client terminates the investment management agreement. The thirty-day notification period may be waived by the advisor, however, if such change is warranted due to fluctuations in account values having an immediate impact on minimum portfolio size requirements. If such a change becomes necessary within thirty days prior to the end of a calendar quarter, the adjusted fee schedule will be applied to the next quarterly billing of fees following such change.

### **Direct Billing to Your Custodian**

Our Investment Management Agreement contains your authorization for your account custodian to directly deduct our fees from your advisory account. Your custodian's periodic statements will show each fee deduction from your account. You may withdraw your authorization for the deduction of these fees at any time by notifying us and your custodian in writing. In the event you do withdraw this authorization, you will be invoiced directly on the first day of each quarter with payment to be received by Independent Solutions within fifteen (15) days of the date of the invoice. You should understand, however, that we do not charge interest on overdue accounts and our advisory fee rates are premised upon the automatic fee deduction process. So, if you elect to withdraw your deduction authorization, we may need to change your fee structure or terminate our services to you.

### **Termination of Services**

You may terminate any of our services, without incurring a fee or penalty, within the first five (5) business days after the date you sign our advisory service agreement. After this initial five business day period, either you or we may terminate the contract upon five (5) business days' written notice for any reason. Since fees are payable after services are performed, there are no unearned fees and the client is not due a refund upon early termination of an investment advisory contract. However, the advisor's fees are prorated to the date of termination. You will still be responsible for paying the balance due for our services rendered during that quarter.

Upon termination of our financial planning services, any pre-paid advisory fees will be prorated and, if more than \$5.00, refunded based on the number of days services were rendered during that calendar quarter. Refunds of fees paid from a tax-qualified plan or account should be returned to the plan or account so they are not treated as distributions. Some plan custodians may treat such refunds as new contributions, which may reduce the amount of other contributions you can make during that tax year. Upon termination of our consulting services, typically the initial deposit will not be refunded if we have performed services for your benefit. If we have completed the project, you will still be responsible for paying the balance due for our services rendered.

### **Relationship Disclosure**

Some associated persons of Independent Solutions (Glenn Wiggle, Michael Lomas and Dan Neiman) have an ownership interest in Neiman Funds Management LLC ("NFM"), which is a

registered investment advisor. NFM provides investment advisory services to Neiman Large Cap Value Fund (the LCV Fund), Neiman Balanced Allocation Fund and Neiman Opportunities Fund, collectively (“Neiman Funds”). As a result of this relationship, these associated persons of Independent Solutions receive additional economic benefits in the way of either expense reimbursements or other fee sharing arrangements with NFM. The Neiman Funds may reimburse NFM for marketing and distribution expenditures related to the Fund family.

The Neiman Funds are also investment products offered to clients within the model portfolios designed by Independent Solutions Wealth Management, LLC. These relationships may create an incentive for the associated persons to recommend that clients invest in the Neiman Funds and for Independent Solutions Wealth Management, LLC to continue to include it in their model portfolios.

For the small account models only, Independent Solutions has chosen to waive their standard advisory fee of .50 percent since the portfolio will consist entirely of Neiman Funds options. When the account size reaches \$50,000 the small account model will be reallocated into the full model allocation and the 0.50 investment advisory fee will be reinstated.

NFM receives an annual investment management fee from the Neiman Funds of 1.00% of the average daily balance for net assets for the LCV Fund, the Neiman Balanced Allocation Fund, and the Neiman Opportunities Fund. Additionally, NFM has agreed to waive management fees and reimburse expenses to the extent necessary to maintain total annual operating expenses of the LCV Fund, Balanced Allocation Fund and Opportunities Fund (excluding brokerage fees and commissions, interest and other borrowing expenses, taxes, extraordinary expenses and the indirect costs of investing in Acquired Funds) at 1.45% of its average daily net assets for Class A Shares through July 31, 2019.

In October 2018, Paul Meeks joined Independent Solutions in a dual capacity. He provides advisory services to clients as an IAR of the Firm and, as a CFA, also provides portfolio management services to the Firm for several of Independent Solutions’ portfolio offerings. In addition, he serves an unrelated role of portfolio manager for Wireless Fund (WIREX), an equity mutual fund headquartered in El Cajon, California which invests primarily in stocks of wireless technology companies. While it is unlikely he will direct Independent Solutions clients to WIREX, the possibility that he could does create a potential conflict of interest and is herein disclosed accordingly. Any such interactions between WIREX and Independent Solutions’ clients must be disclosed in advance by Mr. Meeks to the Independent Solutions CCO to monitor for conflicts of interest. WIREX is unrelated to and unaffiliated with Independent Solutions and Mr. Meeks would be compensated directly by WIREX for his services to that entity. Independent Solutions does not share in any compensation received by Mr. Meeks from WIREX.

However, to address potential conflicts of interest, clients are under no obligation to act upon any recommendations of the associated persons of Independent Solutions and may opt out of including any specific asset classes in their portfolio.

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

Independent Solutions does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Independent Solutions provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans and trust programs. The minimum dollar amount generally required to open an advisory account is \$50,000. However, Independent Solutions' Small Account model permits a lower minimum of \$3,000 to open an account utilizing this model. The minimum dollar amount generally required to maintain an account in our services, including some ETF portfolios, is \$25,000. We may waive this requirement for any reason including, but not limited to, a client that has additional or related accounts that together exceed the minimum requirements.

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

### **Methods of Analysis**

We use a variety of methods of investment analysis and obtain information from a number of sources including, but not limited to, Morningstar, Yahoo Finance, and Investor's Business Daily. These sources are both public and by purchase, which we believe to be reliable and upon which we regularly depend for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

We use both fundamental and technical methods to analyze the securities in which we invest client accounts. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic wellbeing of a financial entity as opposed to only its price movements. It generally involves assessing a company's or security's value based on factors such as financial structure, sales, earnings, assets, markets, management, products and services.

When conducting fundamental analysis, we will review a company's financial statements and consider factors including whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the trends and movements in a security's price in the market. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future.

### **Investment Strategies**

We have developed a number of strategies that include strategic allocation portfolio management, tactical portfolio management and individual stock management. Our strategic allocation portfolios are based on the principles of Modern Portfolio Theory and Efficient Frontier portfolio modeling. We generally follow portfolio allocations consistent with those recommended by

Morningstar; however, we also offer our own allocation models and strategies as well as tactical strategies using index type mutual funds or ETFs.

The first step we take in determining our list of “Best in Breed Money Managers” is to establish the asset allocations of each of the portfolios. We use widely recognized broad asset allocations which are: very conservative, conservative, moderate, moderate aggressive and very aggressive.

After determining the broad asset classes, we next determine the more detailed allocations using categories from large cap growth and value to international real estate. In most cases, we use at least eight sub-asset classes in each portfolio. We then break down the world of mutual funds into these sub-asset classes. By doing so we are able to compare managers’ styles and performance to other managers who are buying the same types of stocks. When conducting our analysis, we review such factors as manager tenure, turnover, alpha, performance, as well as risk factors such as standard deviation and beta.

We re-evaluate the managers on a monthly basis in order to determine whether our managers are still top performing fund managers. If we are concerned about the performance of one of our managers, that manager will be placed on probation and tracked on a monthly basis. If we determine that the manager is solidly performing, then the manager will likely stay on our list of managers. If we determine that the underperformance is due to a manager change, a shift in investment policy or just poor selection, the manager will be replaced.

The last step in our approach is portfolio review. We will review on a semi-annual basis the clients’ portfolio allocations in relation to the model allocation. If warranted, we will rebalance at that semi-annual review. In certain cases, based on market conditions, we may rebalance more or less frequently than semi-annually.

For our tactical portfolio management, we engage a number of research methods and information to determine the portfolio position whether long, short, or neutral. We will analyze such economic indicators as relative strength, moving averages, overall economic information, and chart analysis. We engage a number of different research services including, at times, purchasing signals from other advisory firms. Independent Solutions offers both tactical bond portfolios and tactical stock portfolios and typically uses Rydex or similar funds or Exchange Traded Funds (ETFs) that are similar to an index, such as the S&P 500, Nasdaq Composite or a bond index.

We also manage portfolios of ETFs in a manner similar to our management of mutual fund portfolios. An ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes throughout the day as it is bought and sold. We use our research capabilities to allow us to compare performance and cost of funds that track the same or similar indexes to determine the “Peer Group Out-Performers.” The indexes used, follow the same broad asset allocations as previously referenced in the mutual fund description above.

You may engage us to evaluate, select, and monitor the investment performance of independent investment managers (“Third-Party Managers”). Third-Party Managers may offer specialized

expertise and experience in specific asset classes and, by retaining their services; you may diversify your investment portfolio and strategies.

We will review Third-Party Managers, including their Form ADV Part 2 and Brochure Supplement, in much the same way we review our mutual fund managers. Third-Party Managers are not affiliated with our firm and we are not responsible for their services. If we receive any compensation from a Third-Party Manager for making a referral, you will receive a specific disclosure brochure about the nature of the referral, the referral relationship, and the referral compensation.

If you terminate our services, you may be able to continue using the Third-Party Manager; however, we will have no continuing responsibilities after our termination with respect to your account or the advisor.

We also invest in individual securities for client accounts or we may recommend our Stock Portfolio Management services using a portfolio of individual stocks, bonds or other types of securities. In recommending our Stock Portfolio Management services, we may consider your net worth to determine whether this investment is appropriate for your personal financial situation. Because this service involves more active trading and a higher degree of risk, it is not a suitable investment for every client. Stocks held in the account are closely monitored by the IAR, typically on a daily basis, and may include short-term trading activities. Generally, we do not take into consideration the income tax effects of purchases and sales of securities held in the account.

We require a minimum balance of \$100,000 for each client using the Stock Portfolio Management services. This requirement may be waived by the Firm for any reason including, but not limited to, the aggregation of additional client or related household accounts that together exceed this minimum requirement.

Within our Stock Portfolio Management service, we manage three stock portfolio strategies which include an all cap growth, a large cap value and a large cap value with options selection. The all cap growth portfolio seeks to maximize returns by investing mainly in common stocks with high relative strength. Although mostly invested in large cap companies, holdings in this portfolio may include small cap companies and international companies. The portfolio may also include ETFs that represent a specific sector or index. The portfolio will typically consist of 10 to 50 holdings.

The large cap value portfolio invests in large cap companies that are typically trading at a discount to their fair value. This portfolio will typically consist of 10 to 40 holdings.

The large cap value with options portfolio holds the same or similar securities as the regular large cap value portfolio but includes a covered call writing strategy on the securities held in the portfolio.

Portfolio holdings vary among different clients and may differ from the overall model portfolio based on the different criteria of each client as well as when the account began or which custodian the account is held at.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Our primary investment strategy is strategic allocation utilizing mutual funds, ETFs or third-party asset managers. Our asset allocation strategies are based on efficient frontier models for which we rely heavily on Morningstar research. The primary risk of such a strategy is being fully invested in all market conditions. Another material risk is the underlying mutual funds, ETFs or third-party managers themselves. These investments may have certain trading restrictions and holding periods that may adversely affect the performance of a client portfolio.

## **Risks in General**

The same factors that affect stock market performance generally affect the underlying funds owned by the clients. Domestic economic growth and market conditions, interest rate levels and political events are among these factors.

### **Risk of Investing in Underlying Funds that own Common Stocks**

The strategy invests in shares of equity underlying funds that own common stocks, which subjects the strategy and its clients to the risks associated with common stock investing. Overall stock market risks may affect the value of the funds. When the value of the fund's investments goes down, your investment in the underlying funds decreases in value and you could lose money.

### **Risk of Investing in Underlying Funds that own Fixed Income Securities**

The strategy may invest in underlying funds, ETFs or TPM managers that own bonds and other debt securities. These securities are subject to the risk that their issuer may not be able to repay the principal and interest when due. In addition, the value of bond and other debt securities held by an underlying fund can change in response to changes in prevailing interest rates, causing volatility and possible loss of value as rates increase.

### **Risk of Small and Medium Sized Companies**

To the extent the strategy invests in underlying funds, ETFs or third-party managers that own stocks of small and medium capitalization companies, the strategy may be subject to additional risks. The earnings and prospects of these companies are more volatile than larger companies. Small and medium sized companies may have limited product lines and markets and may experience higher failure rates than do larger companies.

### **Foreign Risk**

To the extent the strategy invests in underlying funds, ETFs, or with third-party managers that own foreign securities, including American Depositary Receipts (ADRs), the strategy may be subject to risks not usually associated with owning securities of U.S. issuers. These risks include adverse political, social and economic developments, differing auditing and legal standards, war, expropriation and nationalization.

### **Emerging Markets Risk**

To the extent the strategy invests in underlying funds, ETFs, or third-party managers that own securities in emerging markets, the strategy will be subject to emerging market risks. The risks of foreign securities are typically increased in emerging markets. These risks include, among other

things, political and economic instability, less developed securities markets and currency devaluations.

#### Sector Risk

Sector risk is the possibility that stocks within the same group of industries will decline in price due to sector-specific market or economic developments. If the advisor invests a significant portion of the strategy's assets in underlying funds, ETFs or third-party managers in a particular sector, the strategy is subject to the risk that companies in the same sector are likely to react similarly to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that market segment.

#### Risk of Non-Diversification

The strategy may invest in underlying funds, or ETFs that are non-diversified. A non-diversified fund has the ability to take larger positions in a smaller number of securities than a portfolio that is "diversified". Investing in non-diversified funds may result in greater volatility.

#### High Yield Securities Risk

The strategy may invest in underlying funds, ETFs, or third-party managers that purchase high yield securities. High yield securities are considered speculative and are less likely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions. We do not believe this investment strategy involves any unusual risks.

#### Additional Risks for Stock Portfolios

In addition to the risks discussed above, there are additional risks associated with the individual stock portfolios. The primary risk is a concentration in one area of securities, large cap stocks for example. We have certain limitations on qualifications for such an account to minimize these risks. We run several different stock portfolios that may include Large Cap Value, Large Cap Value with Options and All Cap Growth.

#### Fundamental Analysis Risk

Because it can take a long time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

#### Technical Analysis Risk

There are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

#### Value Investing Risk

Value investing attempts to identify companies selling at a discount to their intrinsic value and is subject to the risk that a company's intrinsic value may never be fully realized by the market or that a company judged by the advisor to be undervalued may actually be appropriately priced.

### Growth Investing Risk

Growth investing attempts to identify companies that are growing their earnings faster than the broader market and other companies in their sector. This generally involves more fluctuation partially due to the higher P/E and the inconsistency at times of the earnings. When implementing this strategy, we use predominantly technical analyses but may also include fundamental analyses at times.

### Covered Call Option Risk

Selling covered call options may limit the portfolio's gain, if any, on the underlying securities, and the client continues to bear the risk of a decline in the value of the underlying stock until the option expires or is closed out.

### Exchange-Traded Fund Risk

An ETF may trade at a discount to its net asset value. Investors indirectly bear the fees and expenses charged by the underlying ETFs in which the program invests in addition to the program's direct fees and expenses. Clients will also incur brokerage costs from the purchase of ETFs, potential losses from the underlying ETFs and a level of risk arising from the investment practices of the underlying ETFs.

### Risk of Non-Diversification

Non-diversification increases the risk that the value of the account could go down because of the poor performance of a single investment. We do not believe this investment strategy involves any unusual risks.

### Risk of Tactical Investing and Leverage

Due to the nature of tactical investing it can often increase the risk of loss within a portfolio. Tactical investing includes moving in and out of markets based on market movements and other indicators. Our tactical portfolios also use leveraged and inverse funds which create additional risks. When using leveraged funds, the risk of loss can be greater than 2x the loss of the index that is represented by the fund or ETF. We also will use short funds or inverse funds when we think markets are going to go down. Should we take a position opposite of what the market does there could be substantial losses incurred. Generally, however, our tactical portfolios seek to reduce risk by avoiding adverse market movements by moving to a cash/money market position. The risk of missing positive returns by being in cash/money market positions also exists. This would be referred to as lost opportunity cost and is a real risk with any tactical investment strategy.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events involving the advisor or its associated persons, occurring within the preceding ten-year period, that would be material to a prospective or existing client's evaluation of the advisor or the integrity of its management. In accordance with these requirements, the following disclosure information is cited herein:

In 2015 a complaint was filed with FINRA against NEXT Financial Group by a client of that firm alleging that recommendations made by Glenn Wiggle in 2007 to purchase shares in one REIT

and two limited partnerships were unsuitable. While Mr. Wiggle was affiliated with NEXT Financial as a Registered Representative at that time, he was only named as a subject within the complaint against NEXT but was not named as a respondent to the client's complaint. The allegation was denied by NEXT based on their assertion that the client was an accredited and experienced investor and understood the risks of the investments involved. By mutual agreement, a settlement was negotiated between NEXT Financial and the client in lieu of proceeding to arbitration. Mr. Wiggle, however, neither shared any financial liability in that settlement nor has he been a party to any other civil or regulatory disciplinary issues within the preceding ten years.

In February 2014, John Shockey, while employed as a Registered Representative of Merrill Lynch, Pierce, Fenner & Smith, Inc., was cited by Merrill Lynch for allegedly assisting a client in the acquisition of unregistered securities, a practice known as selling away. At that time, Mr. Shockey voluntarily resigned from Merrill Lynch and further investigation was conducted by FINRA. Based on FINRA's findings in 2016, Mr. Shockey was suspended as a Registered Representative for one year, subject to disgorgement of all compensation related to the transactions in question and assessed administrative penalties related to the adjudication of the complaint. Upon completion of his suspension in April 2017, Mr. Shockey's licenses and privileges as a FINRA-registered Registered Representative were restored. Mr. Shockey has not been the subject of any further civil or regulatory proceedings.

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

### **Other Business Activities**

Two of Independent Solutions' partners, Glenn Wiggle and Michael Lomas, are engaged in an outside business activity called the Financial Guys, LLC. The Financial Guys, LLC is a radio show in which the partners discuss various aspects of the financial services industry. Mr. Wiggle and Mr. Lomas are also stockholders in NEXT Financial Holdings Inc., which is the parent company of NEXT Financial Group, Inc., a securities broker/dealer with whom both were previously registered. Each owns less than 5% of the shares of that company. As stockholders, they will indirectly benefit from securities brokerage transactions, related brokerage fees and the ultimate profitability of that parent company.

Peak Brokerage is a FINRA- and SIPC-member securities broker/dealer located in Jupiter, Florida. In the capacity of a third-party asset manager, Independent Solutions may be utilized by Peak Brokerage to manage advisory client portfolios. In those cases, both the Firm and the respective managing IAR may receive advisory compensation from those activities. IARs of Independent Solutions may also be Registered Representatives of Peak Brokerage and, as such, they may engage in the provision of commission-based investment and insurance products to clients. Advisory clients engaging in broker/dealer transactions may incur commissions, fees and/or other charges which are not part of our firm's advisory fees. The receipt of commission income in these instances by IARs of Independent Solutions may create a conflict of interest, which is hereby disclosed to clients as required. The Firm may, however, reduce advisory fees in consideration of these individuals receiving commissions and transaction-based compensation to mitigate these conflicts. Clients are advised to carefully consider any such potential conflicts of interest when determining to implement our advice or investment recommendations. We would be happy to

discuss in greater detail our compensation arrangements and the related potential conflicts of interests with clients.

Mr. Wiggle and Michael Lomas, a partner in Independent Solutions, are co-owners of 305 Spindrift LLC, a real estate and property management company headquartered in Williamsville, New York. Independent Solutions currently leases its office space from and pays leasing fees to 305 Spindrift LLC. As owners of Spindrift LLC, Mr. Wiggle and Mr. Lomas derive additional compensation from its business relationship with Independent Solutions. While this does not appear to represent an inherent direct conflict of interest to clients of Independent Solutions, this relationship could incent Mr. Wiggle or Mr. Lomas to refer prospective clients to Independent Solutions. The Firm will provide to its clients, upon request, additional information relating to this relationship.

Further, some IARs of Independent Solutions are state-licensed insurance agents. As such, they may receive commission-based compensation from the sale of fixed and/or variable insurance products. Advisory clients of Independent Solutions, however, are under no obligation to purchase these products from these individuals and Independent Solutions does not share in these compensations.

#### **Other Financial Industry Activities or Affiliations**

Glenn Wiggle, Michael Lomas, and Daniel Neiman have ownership interests in Neiman Funds Management LLC (“NFM”), which is a registered investment advisor. They do not, however, serve as IARs to that investment advisor. NFM provides investment advisory services to Neiman Funds (Neiman Large Cap Value Fund, Neiman Balanced Allocation Fund and Neiman Opportunities Fund). As a result of this relationship, these associated persons of Independent Solutions receive additional economic benefits in the way of either expense reimbursement or fee sharing arrangements with NFM. Since this may be seen as a potential conflict of interest, it is herein disclosed to clients. As stated above, clients are advised to carefully consider any such potential conflicts of interest when determining to implement our advice or investment recommendations.

Paul Meeks, an IAR and portfolio manager of Independent Solutions, also serves as a fund manager for WIREX, a growth equity mutual fund. His role with WIREX is wholly independent of his association with Independent Solutions and for which he may be compensated directly by WIREX. Mr. Meeks is also a Chartered Financial Analyst (CFA) and college professor at Western Washington University in Bellingham, Washington and is often featured on CNBC, Squawk Box and other broadcast media financial programs. Independent Solutions does not share in any compensation received by Mr. Meeks for these other activities.

Some IARs of our Firm have outside business activities which may include money management at other advisory firms. In these situations, the IAR is required to implement a trade rotation policy. For example, if the IAR has such an outside business relationship with an outside mutual fund manager, the IAR is required to execute Independent Solutions’ model transactions on day one ahead of any mutual fund trades through that outside manager. On day two, trades through the outside manager will be executed ahead of those within the Firm’s model. This trade rotation

policy is intended to minimize the impact of any potential disproportionate advantage or disadvantage on clients utilizing either Independent Solutions models or those of the outside mutual fund managers.

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

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the associated persons of Independent Solutions will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing our associates to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients.

We have adopted a Code of Ethics that sets forth the standards of conduct expected of our associated persons and requires compliance with applicable securities laws. Our Code contains written policies reasonably designed to prevent the unlawful use of material non-public information by us or any of our associated persons. It also requires that certain of our personnel, called “access persons”, report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. All employees are required to annually review the Code of Ethics and sign an acknowledgement recognizing the principles stated in the Code. You may contact us to request a copy of our Code of Ethics.

If you separately engage one of our principals or representatives to purchase or sell a security or insurance, you will be informed that they will receive compensation and that the receipt of this compensation may create a conflict of interest. We do not, however, permit the purchase or sale of a security in a transaction made directly between a client and any person related to our firm.

Our principals and representatives will often own the same securities recommended to our clients. Generally, these securities will be shares of open-ended mutual funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for our clients. If we do recommend the purchase or sale of a thinly traded security to a client, we will ensure that their transactions do not adversely affect clients nor improperly benefit our principals and representatives, typically by completing their transactions after all client transactions have been made. Orders for clients and orders for our own accounts may sometimes be aggregated or “batched” into one large order in accordance with our trade aggregation and allocation policy, which is described in connection with our brokerage placement practices below. Aggregated orders may achieve better execution for all participating accounts and those benefits will be fairly allocated among all participating accounts.

We utilize multiple clearing firms and trading platforms when executing securities transactions for our advisory clients. To ensure fairness to all clients from a pricing standpoint, we rotate between platforms on a 1-2-3-4 cycle. First in the rotation drops to last after their execution, etc. In certain cases, models within a platform will also go through a trade rotation process. Through this rotation process, we seek to minimize the impact of our trading in specific securities or markets in which those securities trade. Generally, trade rotation practices may result in a transaction being affected for a client’s account near or at the end of a rotation, resulting in that account potentially bearing

the market price impact, if any, of trades executed in the same security traded earlier in the rotation. This could result in a client receiving a less favorable net price for the trade. However, trade rotation policies are typically designed to ensure that all clients are treated equitably and fairly over time.

Unless specifically permitted in our Code of Ethics, none of our access persons may affect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the access person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of our clients.

When we are purchasing or considering for purchase any security on behalf of a client, no access person may affect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when we are selling or considering the sale of any security on behalf of a client, no access person may affect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 – Brokerage Practices**

### **Selecting Brokerage Firms**

We generally recommend that clients use Fidelity Investments Institutional Wealth Services (“Fidelity”), Schwab Institutional (“Schwab”) or TD Ameritrade Institutional (“Ameritrade”) as custodial platforms for our portfolio management services. Factors which we consider in recommending these or any other custodian or broker/dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Independent Solutions does not, however, receive any fees or commissions from these firms resulting from their selection as custodians for client assets.

A client may direct us in writing to use a particular broker/dealer to execute some or all transactions for their account, a practice known as “directed brokerage”. In that case, the client will negotiate terms and arrangements for the account with that broker/dealer and we will not seek better execution services or prices from other broker/dealers. As a result, the client may pay higher commissions or other transaction costs or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case. Subject to our duty of best execution, we may decline a client’s request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Best Execution**

Independent Solutions reviews the execution of trades by each custodian on an annual basis, according to a review process documented in the Firm’s written procedures manual. Trading fees charged by the custodians for their services are also reviewed as a component of the quarterly

review process. Based on the Firm's best execution reviews, custodians are retained or may be replaced.

Any commissions paid by our clients will comply with our duty to obtain "best execution" for their transactions. However, a client may pay a commission that is higher than another qualified broker/dealer might charge to affect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

### **Soft Dollars**

Advisory firms may receive research and/or other services from their selected custodians which are not routinely offered to a custodian's retail clients through "soft dollar" arrangements. Soft dollar benefits may enable Independent Solutions to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. They may also make available to our Firm other products and services that benefit Independent Solutions but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab, Fidelity or Ameritrade. However, the commission and/or transaction fees charged by the custodians in conjunction with providing these products and services may be higher or lower than those charged by other custodians or broker/dealers.

Custodian products and services that assist us in managing and administering our clients' accounts may include software and other technology that:

- i. provide access to client account data such as trade confirmations and account statements;
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and/or
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab, Fidelity and Ameritrade may also offer other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and/or
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab, Fidelity and Ameritrade may also make available, arrange and/or pay third-party vendors for the types of services rendered to Independent Solutions. They may also discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our Firm. They may provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend

or require that clients custody their assets at Schwab, Fidelity or Ameritrade, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by a custodian, which may create a potential conflict of interest.

The Firm may also engage the services of other service providers who provide select services not generally offered to retail investment clients. Such firms engaged by Independent Solutions provide software programs and related services utilized by the Firm to conduct risk assessments of clients and corresponding portfolio model constructions. The Firm may then elect to engage these firms in the capacity of third-party asset managers, employing their proprietary platform models and select mutual fund offerings for a portion of the advisory fee charged by Independent Solutions to its clients. Some elements of the research and software provided to Independent Solutions may be viewed as soft dollar benefits to the Firm. Further, these relationships could result in real or perceived conflicts of interest by directing client assets to the proprietary platforms available through these firms in conjunction with utilizing their risk assessment software. As stated above, however, clients are not assessed any additional fees related to use of these programs or portfolio models.

### **Order Aggregation**

The aggregation or “blocking” of client transactions is a process in which a client’s order for a particular security may be combined with orders of other clients for the same security into a trading block prior to execution. This may allow the advisor to execute transactions in a more timely, equitable and efficient manner and seeks to reduce overall commission charges to each client. Independent Solutions may occasionally execute block trading within its client portfolios. The Firm’s IARs may, but are not obligated to, combine or aggregate multiple orders to obtain the best execution and to equitably allocate among their clients the difference in price that might have been obtained had such orders been placed independently.

## **Item 13 – Review of Accounts**

### **Reviews**

The frequency and triggering factors for internal account reviews depend upon the services engaged by a client. For our investment management services, account reviews are conducted on a regular basis and not less frequently than quarterly. Reviews may involve the entire account or just specific securities held in an account. In addition to regular reviews, additional or spontaneous reviews may be triggered by market or economic news or events as well as by the receipt by the Firm of new personal or financial information provided by the client.

For our clients using portfolio management services, reviews are normally in response to client requests but may also occur at the time of significant new deposits or withdrawals, during substantial changes in market conditions, according to an interval agreed upon at the time of engagement or at any other time solely at our discretion. Clients are obligated to contact us when there exists a real or potential change in the client’s financial condition so we can review their portfolio relative to any new information so we can ensure the investment strategies continue to be appropriate.

## **Reviewers**

The securities within the client's account will be reviewed by our principals. Responsibility for reviews is shared equally by the principals of our Firm.

For clients using our portfolio management services, portfolio position statements are sent monthly, quarterly, semi-annually or annually, depending on the particular account and the account's custodian. These statements include the valuation of each security in the account. We offer optional performance reports which, if selected, will be specified in our client services agreement. When available, reports may be delivered via e-mail upon request.

Clients may also receive periodic statements of their accounts from their account custodians. The frequency of custodians' statements may vary but are typically sent to clients on either a monthly or quarterly basis. For clients using our financial planning and consulting services, reports are provided upon completion of their respective plan or consultation project.

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

We may engage solicitors to market our services. If we do so, the client will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor and the terms of that relationship. The client will also receive a copy of this Form ADV Part 2A, as our disclosure brochure. If the solicitor refers a client to us, the client's total advisory fees will be based, in part, on the amount of the solicitation fee we pay to the solicitor. These clients may be paying more than our other clients for the same advisory services depending upon the amount of the client's advisory fees paid to the solicitor.

As part of our marketing effort, we regularly provide additional training and education to our selected solicitors in due diligence, compliance and the technical aspects of our products and services which are valuable to their business. This training, including the travel, lodging and food expenses connected with such training, is provided by us at no cost to the participating solicitors. Also, as part of our marketing effort, we may pay to attend conferences and/or symposiums sponsored by broker/dealer firms who refer us business. The cost of the training, education, conferences and/or symposium sponsorships is paid out of our portion of the advisory fees and is not an additional expense to clients or any other investor. We do not believe that such arrangements influence the individual solicitors of the broker/dealer firms to refer business to us or to other advisors with whom the broker/dealer may have similar agreements.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. Independent Solutions urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Under our Investment Management Agreements, clients grant us the discretion to manage their accounts. This includes authority to choose the securities and amounts to buy and sell for their

accounts. We are not permitted to transfer funds or securities to or from any account other than in the client's name unless specifically directed by a client in writing. There are other limitations on our authority as stated in the contract. When selecting securities and determining amounts, Independent Solutions observes the investment policies, limitations and restrictions of the clients for which it advises. Client-directed investment guidelines and restrictions must be provided to the advisor in writing.

### **Item 17 – Voting Client Securities**

Effective with the most recent updating of this Disclosure Document, Independent Solutions does not vote proxies on behalf of its clients. Custodians are directed to send all proxy voting materials directly to the client at their address of record. Proxy-related materials inadvertently received by the Firm will be promptly forwarded without action to either the client or to an interested third party designated by the client.

### **Item 18 – Financial Information**

Independent Solutions is required in this Item to provide you with specific financial information or disclosures about the Firm's financial condition. At this time, the Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.