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July 30, 2025

**FORM ADV PART 2A  
BROCHURE**

This Form ADV Part 2A (the "Brochure") provides information about the qualifications and business practices of ISC Advisors, Inc. ("ISCA," "ISC Advisors," "Firm," "our" and or "us"). When we use the words "you," "your" and "Client" we are referring to you as our client or our prospective client. If you have any questions about the contents of this Brochure, please contact us at (800) 888-3520 or [compliance@iscgroup.com](mailto:compliance@iscgroup.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.

ISC Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

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

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

Since our last annual updating amendment, dated 3/31/25 we have made the following material changes to our Form ADV:

1. Item 4 & 5 have been updated to reflect the use of ISCA-managed models under the Empower platform.

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## Item 4 Advisory Business

ISCA is a wholly owned subsidiary of ISC Group, Incorporated ("ISC Group" or "ISCG"). ISC Group and ISCA are located at 3500 Oak Lawn Ave, Suite 400 Dallas, TX75219. ISC Group was incorporated in 1989 and ISCA. was founded in 1994. ISC Investment Management, LLC ("ISC Investment Management") is the majority shareholder of ISC Group. Scott A. Hayes is the President and CEO of ISC Group and the majority shareholder of ISC Investment Management.

The names ISC Advisors, ISC Group, and ISCA are often used interchangeably in the day-to-day operations of the Firm. All contracts, correspondence, sales literature and advertising that require registration under the Investment Advisers Act of 1940 ("Advisers Act") are provided through ISCA.

### **Services Offered**

#### Financial planning

The Firm provides financial planning services in the areas of retirement planning, financial planning, personal tax and cash flow planning, estate planning, insurance planning, divorce planning, college planning, and compensation and benefits planning, among others and such services are provided based upon a negotiated hourly rate. Once the scope of financial planning services has been agreed upon, a determination will be made as to the applicable fee to be charged. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the financial plan or service(s) requested. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, the Firm will notify the Client and will request that the client pay an additional fee.

The Firm reserves the right to determine whether the financial planning fees will be waived or offset by advisory fees and/or additional compensation earned in the implementation process. The scope and complexity of the financial planning services that were provided will determine the waiver or offset of the fee.

In general, the financial plan will address the following areas of concern:

*Personal:* family records, budgeting, personal liability, estate information and financial goals.

*Tax and Cash Flow:* Income tax and spending analysis and planning for the past, current and future years. We illustrate the impact of various investments on the client's or clients' current income tax and future tax liability.

*Death and Disability:* Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

*Retirement:* Analysis of current strategies and investment plans to help the clients achieve their retirement objectives.

*Investments:* Analysis of investment alternatives and their effects on client portfolios.

ISCA gathers required information through personal interviews. Information gathered includes a client's current financial status, future goals, attitudes towards risk and other relevant information. After this information is obtained, ISCA and its advisor representatives ("Advisor" or "IAR") make recommendations for the client. Should the client choose to implement the recommendations

contained in the plan, ISCA suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

*Limited Services:* Clients can also receive investment advice on a more limited basis. This includes advice on only isolated areas of concern such as estate planning, retirement planning, or another specific topic. ISCA also provides specific consultation and administrative services regarding investment and financial concerns of the client.

Additionally, ISCA provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice. Financial Plan recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature.

#### Pension Consulting Services

As an investment adviser, ISCA also provides pension consulting services to employers that are contemplating starting, transferring, or amending their employer-sponsored retirement plan(s). In this capacity, ISCA meets with senior management and key personnel to design and operate retirement plans and retirement plan documents that meet the employer's needs and comply with all applicable rules and regulations.

ISCA will provide the following services: Institutional accounts are typically employer sponsored qualified retirement plans under section 401(a), 401(k), 403(b), or 457 of the IRS Code. (1) ISCA provides fiduciary and/or non-fiduciary services to such Plan Clients and such capacity shall be disclosed in writing to the Plan Client. (2) ISCA will implement the investment plan after having reviewed the applicable investment options with the client. Investment options selected include the use of load and no-load mutual funds. In the case of load mutual funds, ISCA will refund whenever possible. Other products recommended and utilized include closed-end mutual funds, fixed and variable annuities, insurance GIC products, unit investment trusts, certificates of deposit, exchange traded funds ("ETF"), individual stocks, bonds, government securities, and municipal securities. (3) ISCA will conduct periodic due diligence reviews of the Plan's reports, investment options and recommendations. (4) ISCA will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and will make recommendations as necessary to maintain or remove and replace investment options. (5) ISCA also provides services to individual plan participants including education, enrollment assistance, and as requested from time to time, one on one consultations regarding investment recommendations. When providing individual plan participant consulting services, ISCA will review the plan participant's financial situation, goals, and objectives as well as the investment options available in their retirement plan. ISCA will make such recommendations from the list of available investment options in the retirement plan account as are deemed appropriate and consistent with the plan participant's stated investment objectives and risk tolerance. These services do not constitute asset management services for the participant's retirement plan account. The plan participant will determine whether or not to implement the advice provided. The implementation of any trades in the participant's retirement plan account is the participant's responsibility.

ISCA represents that it is not subject to any disqualification as set forth in Section 411 of the Employee Retirement Income Security Act ("ERISA"). In performing fiduciary services for a Plan Client, it is acting as a fiduciary of such Plan as defined in Section 3(21) under ERISA for purposes of providing non-discretionary investment advice to the Plan and plan participants. The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to participants under ERISA.

In the event that the Firm serves as a fiduciary for a particular Plan Client, the Firm receives fiduciary fees for those services.

#### Retirement Accounts – DOL Disclosure

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code ("Code"), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as ("Retirement Accounts").

To ensure that ISCA will adhere to fiduciary norms and basic standards of fair dealing, we are required to give advice that is in the "best interest" of the retirement client. The best interest standard has two chief components, prudence and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our retirement clients, rather than the potential competing financial interest of ISCA.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, we must:

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

#### Managed Accounts Program

The Firm has developed a proprietary managed account program called Pathways ("the Program") to assist clients in meeting their investment goals and objectives. The Program seeks to maximize risk-adjusted returns over the long-run according to each portfolio's objectives. The Program is managed by an investment committee at the Firm that meets frequently to discuss the underlying funds, asset allocation, and forward-looking market and economic expectations.

The Program is offered through various custodial and brokerage accounts as an actively managed overlay consisting of either mutual funds or exchange-traded funds and is managed according to one of five managed model portfolios:

1. Conservative Income - focused on preserving capital and attempts to protect investors with shorter time horizons from losses. The majority of this portfolio is invested in fixed income securities with a small portion in equities and is the most conservative model available. Lower potential gains are offset by reduced volatility and investment risk. The Conservative Income Model is designed for shorter time horizon investors that tolerate minimal market fluctuation and are less concerned with long-term growth of capital.
2. Income – primarily attempts to avoid short-term loss, but still seeks somewhat higher returns over the long term.
3. Balanced – intended to provide returns that are expected to outpace inflation over the long term to investors who are equally concerned with risk and return.
4. Growth - designed to provide wealth accumulation to investors with intermediate to long term time horizons. This portfolio may have higher than average volatility and potential short-term losses to achieve desired returns.

5. Aggressive Growth – designed for investors who have a longer time horizon and to provide wealth accumulation. Investors may experience volatility and short-term losses in portfolio value in exchange for the chance to achieve higher returns over the long term.

Model Portfolios are managed according to the general categories of objectives and risk tolerances defined above and are not tailored to the individual needs of the clients. The Program is currently offered as a portfolio management option to the Firm's corporate clients for utilization in connection with their employer-sponsored qualified retirement plans. The Program is purely optional. Participants can start or stop this program at any time and can alternatively select to self-direct their individual retirement plan(s) rather than rely on the Firm's Managed Portfolio Program option. The Program is offered through the Firm, its registered representatives or investment advisory representatives acting in their separate capacity as IARs of the Firm, based on the Firm's independent registration as an investment adviser with the Securities and Exchange Commission. Clients that participate in the program will receive Part 2A of the Firm's Form ADV in accordance with SEC regulations. If the disclosure brochure is not delivered to the Client at least 48 hours prior to entering into the Agreement, the Client can terminate the Agreement within five business days without penalty. After the five-day period, either party can terminate the agreement by providing written notice to the other. Upon termination, any prepaid fees will be prorated to the date of termination and unearned fees will be returned to the Client.

The fees for the Managed Account Program generally range from 0% to 1.3% depending upon the Firm's negotiated arrangement with a Client.

Accounts under the Empower platform have the option to use an ISCA-managed model. Accounts utilizing the ISCA-managed model will be charged an additional fee. See Item 5. Fees and Compensation. This creates a conflict of interest because we will receive compensation as your investment adviser if you utilize the ISCA-managed model. You are under no obligation, contractually or otherwise, utilize the ISCA-managed model.

#### Wrap Fee Programs

We do not participate in any wrap fee program.

#### Use of Sub-Advisors

ISCA may delegate some of its investment advisory functions over a particular client account or accounts to another investment adviser ("Sub-Advisor"), at ISCA's discretion or the Client's request. While ISCA will remain your primary investment adviser and continue to render investment advisory services to the Client relative to the ongoing monitoring, review of account performance, asset allocation and client investment objectives, the Sub-Advisor will assume day-to-day investment management of your assets managed by the Sub-Advisor. In such a case, the Client shall execute the ISCA's Sub-Advisor Disclosure and Acknowledgement Form, which grants the Sub-Advisor day-to-day responsibility for the active discretionary management of the assets allocated to the Sub-Advisor for portfolio management.

Prior to delegating advisory functions, ISCA will perform due diligence on the Sub-Advisor, enter into a sub-advisory contract with the Sub-Advisor, and supervise the services provided by the Sub-Advisor. ISCA retains authority to engage or terminate Sub-Advisors. ISCA will inform clients prior to engagement or termination of the Sub-Advisor to which it delegates investment advisory functions. ISCA's role will be to monitor the overall financial situation of the client, monitor the investment approach and performance of the Sub-Advisor, and to assist the client in understanding the investments in the client's account.



We may pay a portion of our advisory fee to the Sub-Advisor we use; however, you will not pay our firm a higher advisory fee as a result of any Sub-Advisory relationships. Clients will be provided with each Sub-Advisors Privacy Policy Notice and Form ADV Part 2A Brochure, which contains important information regarding the strategies, fees and risks of the Sub-Advisor.

#### **Publications of Periodicals or Newsletters**

ISCA publishes free newsletters written by the company or purchased from a third-party. Newsletters will be distributed on paper or electronically. No specific information about performance, past or expected, or particular securities will be discussed except for publicly known facts such as prices and benchmark performance such as the S&P 500 Index and Dow Jones Industrial Average.

#### **Educational Seminars/Workshops**

ISCA Advisors will conduct workshops free of charge and open to the public on various topics of financial planning and investments. These are general in nature and are not meant to represent financial or tax advice for a specific person. No specific information about performance, past or expected, or particular securities will be discussed except for publicly known facts such as prices and benchmark performance such as the S&P 500 Index and Dow Jones Industrial Average.

#### **Assets Under Management**

Total Assets under management as of 12/31/2024: \$1,539,119,817.

Accounts managed on a discretionary basis: \$595,987,709.

Accounts managed on a non-discretionary basis: \$943,132,108.

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

For investment advisory services, ISCA will generally charge a fee based upon a percentage of assets under management ("AUM"). The maximum percentage fee charged on assets under management is 1.30% annually. All fees are subject to negotiation. Due to flat rate fee schedules or minimum account fees, some clients could pay more than 1.30% of assets under management. The exact fee charged will be stipulated in the client's investment advisory agreement.

The specific manner in which fees are charged by ISCA is established in a client's written agreement with ISCA. Depending upon the platform utilized by any particular client, advisory fees will be calculated in arrears or in advance. Where fees are calculated in advance, the fees are computed at either the beginning of each period (monthly or quarterly), based upon either the average daily balance or period ending balance of the assets under management for the previous period as reflected on the custodian statement. Clients can elect to be billed directly for fees or to authorize ISCA to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

ISCA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients will incur certain charges imposed by custodians, brokers, including affiliates of ISCA, such as Institutional Securities Corporation, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions, depending on services



utilized and types of investments in the advisory account. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to ISCA's fee.

It is ISCA's policy not to recommend to advisory clients the purchase of any mutual fund share class that pays 12b-1 fees. If there is an instance in which ISCA or any ISCA affiliate receives 12b-1 fees based on a mutual fund position in an advisory account, those fees are rebated directly to the advisory account; they are not shared with the affiliated broker-dealer, Institutional Securities Corporation, or ISCA.

ISCA's IARs are also registered representatives of our affiliated broker-dealer, Institutional Securities Corporation ("ISC" or "Institutional Securities Corporation"). ISC is a securities broker-dealer that is a member of the Financial Industry Regulatory Authority ("FINRA") and SIPC. ISC and its registered representatives receive compensation from the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds and insurance products. Given that your ISCA Advisor is also a registered representative, the fees they earn will depend on whether an investment product is held in an advisory account and billed an annual fee or held in a brokerage account subject to a commission (which will generally include an upfront charge and can include a trailing charge as set forth in the product's prospectus). You may pay more in advisory fees or commissions depending on the asset type and the holding period. This creates a conflict of interest because your Advisor has an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Your Advisor will discuss with you the expected holding period for product types and the potential benefits and drawbacks of holding an asset in an advisory account or a brokerage account. You are under no obligation, contractually or otherwise, to purchase investment products through any person affiliated with our firm.

It is ISCA's policy that securities purchased within an advisory account have the commission or markup waived; however, ticket charges and transaction fees, and non-transaction charges and fees, such as annual account fees, wire fees and alternative investment maintenance fees, assigned by our clearing broker still apply. Client accounts are reviewed periodically for inconsistencies with investment objectives, accuracy of fee billing and deduction in accordance with the fee schedule on file, excessive commissions or markups and other determining factors deemed appropriate by ISCA and/or ISCA's Supervisory Personnel.

**Mutual Funds** – The advisory, administrative, custodial and other costs of the fund make up the funds' "expense ratios." Clients invested in mutual funds will be subject to the applicable expense ratio in addition to any purchase or redemption fees. If a fund imposes sales charges, a client will pay an initial or deferred sales charge. If the IAR recommends mutual funds that will be held in a brokerage account, rather than an advisory account, the IAR will receive a sales load or 12(b)-1 fees paid by the mutual fund in their capacity as a registered representative. As discussed above, it is ISCA's policy not to recommend to advisory clients the purchase of a mutual fund share class that pays 12b-1 fees. If there is an instance in which ISCA receives 12b-1 fees based on a mutual fund position in an advisory account, those fees are rebated directly to the advisory account; they are not shared with the affiliated broker-dealer, or ISCA. Fees and expenses are detailed in each fund's prospectus and clients should accordingly consult the funds' prospectuses for information about a specific fund's expenses and fees.

**Insurance Contracts** – ISCA and its IARs may recommend that clients purchase fixed or variable insurance contracts when the client's tax or legal situation make such purchases suitable, or if the client determines certain living or death benefit guarantees available through insurance contracts are desirable in helping the client meet his/her investment, tax or income objectives. Clients are advised that variable insurance contracts carry fees and expenses relating to providing insurance guarantees that are in addition to the expenses associated with the investment features. These insurance related

expenses usually include mortality and expense risk fees, premium taxes (in certain states), optional riders, an annual contract administration fee and, in the case of life insurance, the cost of the life insurance risk to the insurance company. Clients are advised that the additional fees charged by insurance companies within variable contracts are separate and distinct from advisory fees charged by ISCA. In addition, these contracts usually have significant withdrawal or surrender penalties if a minimum contract holding period is not met. All fees and expenses associated with the variable contract features and benefits are explained in detail in the prospectus for the product being recommended and disclosure is documented on the Firm's compliance documentation that is signed by the client.

ISCA has related persons, in their individual capacities, acting as agents and/or brokers for various insurance companies. As such, these individuals will be able to receive separate commission compensation resulting from implementing product transactions (including transaction in certain insurance contracts) on behalf of advisory clients. Clients are not under any obligation to engage these individuals for these services and no advisory fees are charged on these products (See Fees and Compensation and Performance-Based Fees and Side-By-Side Management).

**Alternative Investments** – ISCA and its IARs can recommend that clients purchase alternative investments when the client's investment and risk profile make such purchases suitable. Certain alternative investments will pay a concession to our affiliated broker-dealer. This revenue-sharing agreement creates a conflict of interest in that it incentivizes the firm to sell more of these alternative investments. The IAR does not receive any of this revenue sharing, and you will not pay any additional fees over your asset-based management fee. All fees and expenses associated with the alternative investments and benefits are explained in detail in the prospectus for the product being recommended and disclosure is documented on the Firm's compliance documentation that is signed by the client.

**Margin Loans** - You will be charged margin interest on the debit balance in your Account, which is in addition to our fees. This results in additional compensation to us. The interest charges, combined with ISCA fees, may exceed the income generated by the assets in your account and, as a result, the value of your account may decrease. The interest charged on a Margin Loan is higher than the interest charged on Securities-Based Loans.

We will not extend margin in an advisory account unless authorized by you through a separate margin agreement. You are responsible for notifying us if you decide that you no longer want to use margin in your Account. You may also discontinue use of margin in your Account according to the terms of the Client Agreement. Further, any interest paid to our broker-dealer affiliate, Institutional Securities Corporation, is not shared with your financial IAR or with ISCA.

#### Minimum Annual Account Fees

Retirement plan accounts are subject to a minimum \$5000 annual account fee, subject to negotiation. If the retirement plan's AUM fee is less than the agreed-upon minimum annual account fee, the retirement plan is responsible for paying the difference. In certain accounts, this will result in the retirement plan paying a higher percentage than the 1.3% maximum AUM fee.

For example, a retirement plan can have an Agreement that states the retirement plan will pay an annual fee of 1% based upon the assets under management subject to a \$5000 minimum annual account fee. If, at the end of the billing period, using a calendar year for illustration purposes, the AUM is \$350,000. The 1% AUM fee would be calculated as \$3500, which is below the \$5000 minimum annual account fee. The \$1500 shortfall will be charged to the retirement plan. In this example, the minimum annual account fee shortfall of \$1500 and the AUM fee of \$3500 totals \$5000. \$5000 represents 1.42% of the AUM of \$350,000.

Retirement Accounts under the Empower platform have the option to use an ISCA-managed model. Accounts utilizing the ISCA-managed model will be charged an additional 5 basis points.

#### Sub-Advisor Fees

As noted in Item 4, ISCA s may periodically recommend and refer Clients to a Sub- Advisor. When Sub-Advisors are utilized, the Client will not pay additional fees for Sub-Advisors services. The Sub-Advisor shall receive a portion of the asset management fee charged by us for as long as the Sub-Advisor continues to manage the Client's Account. The receipt of a portion of our asset management fee shall be paid solely from our standard asset management fee and shall not result in any additional charge to the Client.

#### Cash Sweep Programs – Revenue Sharing

In addition to its custodial and execution services provided for clients of ISCA, RBC provides Clients with options to sweep their cash balances into certain cash sweep programs that include three money market funds, Credit Interest Participation ("CIP"), and FDIC insured cash deposits ("cash sweep programs"). Some of these options will not be available to all clients because each of these has its own eligibility criteria. Clients should review RBC Cash Sweep Program Overview for details of the cash sweep programs.

RBC earns compensation from such cash sweep programs based upon the cash balances held in ISCA client accounts. That compensation is generally measured by the difference, or "spread," between the interest rate paid to the Client, and other costs associated with sweep program, and the interest earned by RBC on the sweep the proceeds ("Broker Call Rate"). The interest earned by RBC through its cash sweep programs is usually significantly greater than the interest earned by clients utilizing the cash sweep program. The rates and yields for available to Clients who participate in sweep programs change regularly, and are available through RBC or your adviser.

Our affiliated broker-dealer, Institutional Securities Corporation shares a portion of the spread generated by the sweep program ("revenue share"). Generally, the threshold that Institutional Securities Corporation is entitled to participate in the revenue sharing arrangement with RBC ranges from 1.00% to 2.00% over RBC's Broker Call Rate. The Broker Call Rate is determined solely by RBC. As the Federal Prime Rate increases, this can result in substantial compensation for Institutional Securities Corporation.

This creates a conflict of interest in that it creates an incentive to offer, and deposit additional cash into these cash sweep programs, rather than investing client assets in more suitable investments due to the compensation earned by our affiliate. However, clients should understand that the cash sweep programs are provided as a convenience to our clients and clients always have the option to invest cash balances or funds held in the cash sweep programs in other investments, including money market funds that, like the cash sweep programs, offer daily liquidity, though such funds may not be FDIC insured.

The revenue sharing relationship between Institutional Securities Corporation and RBC does not affect the interest rate or yield you receive on your cash balances. ISCA clients will continue to earn the rate offered by the specific cash sweep program or money market fund in which they are invested. Additionally, any interest shared with our affiliated broker-dealer, for cash balances in the sweep program or money market fund, is not shared with your Advisor.

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

ISCA 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), nor does it engage in side-by-side management.

## Item 7 Types of Clients

ISCA provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and other U.S. and international institutions.

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

### Institutional Accounts

The Investment Committee manages and oversees the investment of assets in accordance with an Investment Policy Statement.

- The Investment Policy Statement sets forth the investment objectives and investment guidelines that govern the activities of the Investment Committee and any other parties to whom the Investment Committee has delegated investment management responsibility for assets.
- The Investment Committee will oversee, manage, and review the investment of the assets and make decisions concerning selection and retention of the investment options. Accordingly, the Investment Committee will have authority both to select and monitor funds.
- Periodic evaluation and performance analysis of investment options, including a review of the investments' managers ("Manager") will be conducted by the Investment Committee.

The investment objectives, risk characteristics, historical performance and expenses related to each investment are reviewed when selecting investment options. The selected investment options are intended to:

- Maximize potential returns while assuming a reasonable level of risk relative to a stated benchmark and/or peer group.
- Provide returns comparable to returns for similar investment options.
- Provide exposure to a range of investment opportunities in various asset classes.
- Control management costs.

Each Manager must:

- Be considered a bank, insurance company, investment management company or an investment adviser registered under the Advisers Act.
- Be able to disclose information on history, investment philosophy, fee schedules and other relevant investment and/or fund information.
- Be operating in good standing with regulators, with no material pending or concluded legal actions.

The investment options must meet the following criteria:

- Performance should be reasonable, compared to an appropriate, style-specific benchmark and/or peer group over a period of time.
- Specific risk and risk-adjusted return measures should be within a reasonable range relative to an appropriate, style-specific benchmark and/or peer group.
- The options should complement other available options so that when used together, they are expected to reduce portfolio volatility or increase expected long-term portfolio returns.
- The investment options should be consistently managed by, and demonstrate adherence to, the investment objectives stated in the prospectus.
- Fees should be reasonable and competitive compared to similar investments/funds.

The monitoring of the investment options and the investment managers will be a regular and disciplined process. This monitoring provides a means of revisiting the selection process and confirming that the investment options continue to satisfy the criteria by which they were chosen. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring will include evaluating if there are any unusual, notable or extraordinary events affecting the Firm and/or investment option(s). Examples of these events include:

- Performance and risk objectives are not achieved.
- Unexplainable non-adherence to stated objectives.
- Non-compliance with investment guidelines as detailed in the prospectus or other such document.
- Organization instability and/or the departure of key relevant investment professionals.
- Changes that would negatively impact the investment process.
- Unusual turnover.
- Unexplainable portfolio manager or team departure.
- Material litigation against the Firm.
- Material changes in Firm ownership structure, etc.

After review, if the investment option and/or the investment manager are deemed acceptable, no further action is required. If areas of concern exist, steps must be taken to resolve the problem(s). If over a reasonable period of time, the issue is not solved, termination of the investment manager and/or investment option can result.

An investment option may be terminated when confidence is lost in the option's ability to:

- Achieve performance objectives.
- Achieve risk objectives.
- Maintain a stable investment style.

There are no hard and fast rules for investment option termination. However, if the investment has consistently failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. Failure to remedy the circumstances of unsatisfactory performance, within a reasonable time, shall be grounds for termination.

Any recommendation to terminate an investment option will be treated on an individual basis and will not be made solely based on quantitative data. In addition to those above, other factors may include investment option manager turnover, or material change to investment processes. Considerable judgment must be exercised in the termination decision process. An investment option to be terminated shall be removed using one of the following approaches:

- Remove and replace (map assets) to an alternative investment option.
- Continue the investment option but add a competing investment option.
- Remove the investment option and do not provide a replacement investment option.

The Investment Committee is responsible for all investment selection, asset allocation and rebalancing decisions for Institutional Accounts previously described under the Managed Accounts Program section and all Advisors are responsible for individual client recommendations under the supervision of ISCA's supervisory personnel. While all model portfolios are managed according to differing objectives: Conservative Income, Income, Balanced, Growth and Aggressive Growth, all employ a similar investment strategy and differ only in the underlying asset allocations.



This investment strategy primarily buys and holds mutual funds and ETFs that have differing risks and differing investment objectives, and each underlying fund allocation is weighted according to the investment committee's recommendations. Past performance does not guarantee future results. Please consider the investment objectives, risks, and charges and expenses of these mutual funds carefully, which along with other important information, will be located in the Prospectus. This prospectus can be obtained from ISCA free of charge at (800) 888-3520 and should be read carefully before investing any monies. Investment in a mutual fund or security involves risk. The investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

### **Retail/Private Client Accounts**

Retail clients engage the Firm's IARs by entering into an investment advisory agreement. Each IAR gathers information needed to make recommendations through in-depth personal interviews. Information gathered includes, among others, a client's current financial status, future goals and attitudes towards risk. Once this information is gathered, the IAR makes investment recommendations based on his or her own research and may include allocations to a range of financial products and services that can include mutual funds, stocks, bonds, options, exchange traded funds and other financial instruments that are aligned with each customer's unique needs and tolerance for risk. IAR's management styles can incorporate fundamental analysis or technical analysis and can include strategic and tactical asset allocation strategies. The Firm's Advisors are charged with continually monitoring clients' portfolios along with changes in clients' needs, objectives and tolerances for risk that may dictate a change in strategy or recommendations.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

### **Sub-Advisor Risks**

The risks associated with utilizing Sub-Advisors include Sub-Advisor fails to execute the stated investment strategy, and Sub-Advisor has financial or regulatory problems. The specific risks associated with the portfolios of the Sub-Advisors are disclosed in the Sub-Advisor's Form ADV Part 2.

### **Information Security Risk**

Clients may be susceptible to risks to the confidentiality and security of ISCA's operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisors. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability for us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

## **Item 9 Disciplinary Information**

On August 13, 2021, ISCA entered into a settlement agreement with the Commission ("Agreement") following the Commission's inquiry related to ISCA's mutual fund share class selection practices and the resulting receipt of 12b-1 fees, and the receipt of financial benefits in the form of revenue sharing related to advisory clients' funds held in cash or a cash sweep program, dating back to January 1,

2014 (Administrative Proceeding File No. 3-20461). In furtherance of the settlement, ISCA, without admitting or denying any of the findings, consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings ("Settlement Order").

In the Settlement Order, the Commission found that ISCA: (i) breached its fiduciary duty and duty of best execution to its advisory clients in connection with its recommendations that clients purchase certain mutual fund share classes that paid 12b-1 fees to its affiliated broker-dealer, Institutional Securities Corporation, including when lower-cost share classes within the same fund were available; and (ii) breached its fiduciary duty to its advisory clients in connection with the receipt of revenue sharing from its clearing broker for ISCA's clients' funds in uninvested cash, which included investments in money market mutual funds and a bank insured deposit program along with free cash balances. Additionally, the Commission found that ISCA failed to provide full and fair disclosure of the resulting conflicts of interest in its Form ADV Part 2A brochure and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with the practices referenced in the Settlement Order.

As a result of the foregoing conduct, the Commission issued the Settlement Order, which included: (i) a cease-and-desist order preventing ISCA from committing or causing any violations and any future related violations; (ii) a censure; and (iii) a requirement that ISCA pay disgorgement of fees and prejudgment interest, and a civil penalty. The disgorgement amount represents the amount of 12b-1 fees and revenue sharing the affiliated broker-dealer received during the relevant period. As of August 2024, all fines and disgorgement of fees have been satisfied and obligations have been completed.

As part of the Agreement, ISCA also agreed to undertakings including reviewing and updating disclosure documents and policies and procedures concerning mutual fund share class selection, 12b-1 fees, and revenue sharing, and moving existing clients to a lower cost mutual fund share class, if needed.

Prior to the issuance of the Settlement Order, ISCA had: (i) established a policy that prohibits the purchase by our advisory clients of any mutual fund share class that generates a 12b-1 fee. If there is an instance in which a mutual fund position held by an advisory client pays a 12b-1 fee, that fee will be rebated directly to the advisory client's account; (ii) also terminated the revenue sharing arrangement with its clearing broker with respect to advisory clients' uninvested cash that was at issue in the Settlement Order. Note that uninvested cash is subject to the account's advisory fee calculation, unless it has been in the account for once complete quarter, at which point, it will be excluded from the advisory fee calculation.

You may access a full report of our Firm or our Advisors through IARD link at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Should you have technical difficulties with this link you can call (240) 386-4848 for further assistance.

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or security regulator(s) as part of the security industry's registration and licensing process.



## Item 10 Other Financial Industry Activities and Affiliations

In addition to the services provided under this agreement, the Firm's management is actively involved in the management and supervision of the registered representatives of Institutional Securities Corp., an affiliated broker dealer, and the direct management of accounts of individual clients of the Firm. In its capacity as an introducing broker-dealer, Institutional Securities Corp., affiliated broker dealer, has a fully disclosed clearing relationship with RBC Clearing & Custody ("RBC") to clear brokerage transactions for the Firm. ISCA also has arrangements with other qualified custodians including, but not limited to, Mid-Atlantic Trust Company, TD Ameritrade, Fidelity Brokerage Services, Charles Schwab, MG Trust, and MATRIX to provide clearance and settlement services. TD Ameritrade, Charles Schwab and Fidelity Brokerage Services may also provide clearing services for certain accounts.

As previously indicated, Advisors are also registered with Institutional Securities Corporation.

Given that your Advisor is also a registered representative with the affiliated broker dealer, the fees they earn will depend on whether an investment product is held in an advisory account and billed an annual fee or held in a brokerage account subject to a commission (which will generally include an upfront charge and can include a trailing charge as set forth in the products prospectus). You may pay more in advisory fees or commissions depending on the asset type and the holding period. This creates a conflict of interest because your Advisor has an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Your Advisor will discuss with you the expected holding period for product types and the potential benefits and drawbacks of holding an asset in an advisory account or a brokerage account.

Commissions and/or transaction costs may be higher through Institutional Securities Corporation than those charged by other broker-dealers. Thus, clients in some cases will be paying higher commissions and transactions costs for executing transactions through Institutional Securities Corporation or other broker dealers listed vs. through other executing broker-dealers and in most cases, executing those same transactions through a discount broker-dealer. Although the commissions and/or transaction fees paid by ISCA's clients shall comply with our duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to execute the same transaction where ISCA determines, 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 the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although ISCA will strive to seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

ISCA has related persons, in their individual capacities, acting as agents and/or brokers for various insurance companies. As such, these individuals will be able to receive separate commission compensation resulting from implementing product transactions (including transactions in certain insurance contracts) on behalf of advisory clients. Clients are not under any obligation to engage these individuals for these services and no advisory fees are charged on these products (see Section 5: Fees and Compensation).

ISCA's affiliated company, Investment Sales Corporation, is a pension consulting and insurance agency. When our Advisors recommend products offered by our affiliated insurance company, this increases the overall compensation received by the affiliated company. This creates a conflict of interest in that it incentivizes us to recommend the use of Investment Sales Corporation. You are not obligated to use the affiliated company for financial or insurance products and services.

The principals of ISCA also act as brokers or agents of Institutional Securities Corporation, affiliated broker dealer, in effecting securities transactions for compensation from the Firm's clients. The activities and compensation of any related person would be fully disclosed to the client. Any such activities must be approved by ISCA before being entered into by any related persons. Information regarding advisory fees is disclosed in the advisory agreement between the client and ISCA.

ISCA addresses this inherent conflict of interest in a couple of ways. First, ISCA requires that Advisors acting in their capacities of registered representatives with Institutional Securities Corporation purchase securities with the commission or markup waived; however, a clearing broker ticket charge will still apply. Second, Client accounts are reviewed periodically for inconsistencies with investment objectives, accuracy of fee billing and deduction in accordance with the fee schedule on file, excessive commissions or markups and other determining factors deemed appropriate by supervisory personnel.

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

ISCA has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at ISCA must acknowledge the terms of the Code of Ethics annually, or as amended.

ISCA anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which ISCA has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which ISCA, its affiliates and/or clients, directly or indirectly, have a position of interest. ISCA's employees and persons associated with ISCA are required to follow ISCA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of ISCA and its affiliates can trade for their own accounts in securities which are recommended to and/or purchased for ISCA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of ISCA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics 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 ISCA's clients. Additionally, the Code of Ethics does not require pre-clearance of personal trades but does require that personal trades not be executed on the same day as client trades, unless they are traded on an aggregated basis, as described below. You should note that because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between ISCA and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with ISCA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ISCA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained.

**ISCA's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting Andrey Weadon at (800) 888-3520.**

## **Item 12 Brokerage Practices**

In most cases, ISCA will recommend the use of ISC, our affiliated broker-dealer, to execute transactions on behalf of our clients. ISC introduces accounts and transactions to the clearing broker and custodian, RBC. We will also recommend the use of broker-dealers such as Charles Schwab, Fidelity Brokerage Services, Mid Atlantic Trust Company, MATRIX, or RBC. Typically, the broker dealer used is a function of the type of account. A significant percentage of the advice we provide to individuals is in regard to their employer sponsored retirement plans and it is their employer that determines the custodial relationship.

A majority of our accounts use the affiliated broker-dealer, ISC, which introduces accounts and transactions to RBC. ISC will generally seek competitive commission rates but will not necessarily attempt to attain the lowest possible commission for transactions in client accounts. Commissions and transactions costs may be higher through ISC than those charged by other broker-dealers. We believe that the recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Soft dollar Arrangements**

Soft dollar arrangements are a common practice in the Investment advisory industry. The U.S. Congress created a "safe harbor" under Section 28(e) of the Securities and Exchange Act of 1934, which establishes strict standards by which soft dollar arrangements are allowed. Under this safe harbor, an advisor can consider the provision of research, as well as execution services, in evaluating the cost of brokerage services without violating its fiduciary responsibilities. ISCA follows the safe harbor available under Section 28(e) in arranging and executing its soft dollar arrangements.

Our custodians make available to ISCA products and services that benefit ISCA but may not directly benefit its client's accounts. Some of these products and services assist ISCA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of ISCA's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

While as a fiduciary, ISCA endeavors to act in its clients' best interests, while we recommend that clients maintain their assets in accounts at our custodians, that recommendation is based in part on the benefit to ISCA of the availability of some of the foregoing products and services, and not solely on

the nature, cost or quality of custody and brokerage services provided by the respective custodians, which creates a potential conflict of interest. ISCA mitigates that conflict of interest through disclosures made in this Brochure, client agreements, and in reports and conversations with clients.

### **Block Trading**

The Firm and/or its IARs utilize trade aggregation for the purpose of giving equal price to clients when the transaction is for the same security in multiple accounts located at the same custodian on a given day. By doing so, all clients participating in the transaction will receive the same price. Therefore, IARs will be allowed to aggregate discretionary securities transactions, if needed. In addition, securities transactions of IARs' personal or related accounts can be included in aggregated securities transactions. In addition, by doing so, neither the Firm nor IARs will favor one client over another in placing the securities transactions order. In other words, it will help to eliminate any conflict of interest raised when IARs also participate in the same securities transactions with clients. Please note that when/if not possible to aggregate transactions (i.e., system failure or technical difficulty), IARs will enter securities transactions one at a time. In this case, each transaction will or can receive different price. However, the Firm's policy prohibits IARs from exercising their favoritism of one client over another client in order entry. IARs are responsible for providing their customers a list of all prices executed for their customers' accounts on the same day for the same security and the same side of transactions if requested by their customers.

### **Mark-ups**

For accounts that use our affiliated broker-dealer, ISC, those accounts and transactions are introduced to RBC. RBC charges you directly for certain services that can be transaction-based (such as alternative investment transaction fees) or non-transaction-based (such as annual account fees, wire fees, duplicate statements and confirmations and alternative investment maintenance fees). Some of these fees and charges include an additional mark-up charge that is paid to ISC, the affiliated broker-dealer. This additional compensation paid to ISC creates a conflict of interest for us because we have a financial incentive to recommend ISC as broker-dealer, which introduces the accounts to RBC. The mark-up compensation to ISC is not shared with your Advisor.

### **Incentive Credit**

RBC will place an incentive credit of \$25,000 in ISC's settlement account for each \$100,000,000 in assets converted to RBC for 36 months beginning April 2021. This creates a conflict of interest in that it incentivizes us to use ISC as the broker-dealer for your account because as more assets are introduced to RBC the more compensation will be provided to ISC by RBC. These incentive credits are not shared with your Advisor.

### **Volume trading discounts**

RBC charges ISC fees for transactions introduced to RBC, including equities, mutual funds, fixed-income securities and options. As the volume of monthly trades introduced by ISC to RBC increases, RBC will apply a discounted transaction fee charged to ISC. This creates a conflict of interest for us to use ISC as the broker-dealer because ISC will benefit by lower transaction clearance fees based upon higher trading volume.

## **Item 13 Review of Accounts**

### **Frequency of Reviews**

The underlying securities in clients' portfolios are under regular review by the Investment Advisor Representative assigned to your account. Formal reviews are generally conducted at least annually or more frequently depending upon the needs of the client.

### **Causes for Additional Review**

Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of a major market correction, known changes in the Client's financial situation, and/or large deposits or withdrawals in a Client's account. The Client is encouraged to notify the Firm if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

### **Review reports**

All institutional accounts are provided with a quarterly account analysis and report. Individual accounts of the Advisor are provided with reports regarding their holdings, allocations, and performance at least semi-annually. This reporting is in addition to the account statements provided by the trustee or custodian. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement.

The individual IARs of the Firm will review their individual accounts on at least an annual basis. Oversight of individual accounts are conducted by supervisory personnel on a sample basis.

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

ISCA receives referrals from third parties that are not affiliated with ISCA. The third parties are paid a flat fee for referrals, or a percentage of fees that the client pays to ISCA. In accordance with SEC Rule 206(4)-3 under the Advisers Act, an agreement is executed between ISCA and the third-party solicitor. The third-party solicitor will also provide a Solicitor's Separate Written Disclosure Statement to clients at the time of the solicitation or referral, disclosing the nature of the relationship with ISCA and the amount of referral fees paid.

### **Advisory Representative Due Diligence and Seminars**

Advisors are invited from time to time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor. The Firm requires our Advisors to report any such activity through the Firm's electronic reporting system. The product sponsor may reimburse the Advisor directly for travel expenses or may reimburse through the Firm.

### **Compensation to Financial Advisors**

A portion of the advisory fees payable to us in connection with your account is allocated on an ongoing basis to your financial advisor. The rate of compensation we pay our Advisors with respect to advisory services may be higher than the rate they can earn with respect to transaction-based brokerage accounts. If that is the case, your Advisor will have a financial incentive to recommend advisory services set forth in this Brochure instead of the brokerage services of our broker-dealer affiliate.



Finally, if you elect to utilize the advisory services described in this Brochure, your financial Advisor may agree to charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your Advisor. Therefore, your financial Advisors have a financial incentive not to reduce fees.

### **Recruiting and Incentive Compensation**

Recruiting financial advisors from other firms creates a conflict of interest for ISCA because compensation received as a result of clients following their financial advisor to ISCA induces ISC and ISCA to recruit financial advisors without regard to the comparative benefits clients receive at other financial firms. Your Financial Advisor may be eligible for incentive compensation based on the amount of revenue your Financial Advisor generates for ISC and its affiliates, including ISCA. This is a conflict of interest because it incents your Financial Advisor to induce you to engage in more investment transactions in order to qualify for incentive compensation based on business development.

### **Mutual Fund Share Classes and Fees**

Mutual funds usually offer different ways to buy fund shares. Some mutual funds offer only one share class, while most funds offer multiple share classes. Each share class represents an investment in the same mutual fund portfolio but assesses different fees and expenses. Many mutual funds have developed specialized share classes designed for various advisory programs ("Advisory Share Classes"). In general, Advisory Share Classes are not subject to either sales loads or ongoing marketing, distribution and/or service fees (often referred to as "12b-1 fees"), although some assess fees for record keeping and related services. ISCA utilizes Advisory Share CClasses that generate no 12b-1 fees or other compensation to ISCA or our affiliated broker- dealer, Institutional Securities Corporation. To the extent we receive 12b-1 or other service fees on mutual funds through the clearing broker, those fees will be rebated to clients. Additionally, ISCA seeks to recommend the mutual fund share classes with the lowest expense ratios.

If you hold non-Advisory Share Classes of mutual funds in your advisory account or seek to transfer non-Advisory Share Classes of mutual funds into your advisory account, we will convert those shares to Advisory Share Classes to the extent they are available. This will result in your shares being converted into a share class that has a lower expense ratio, although exceptions are possible.

Investments in both an Advisory Share Class and a non-Advisory Share Class of mutual funds have inherent conflicts of interests based upon the potential payment of 12b-1 fees and or servicing fees to Institutional Securities Corp. We have mitigated that conflict of interest primarily by recommending Advisory Share Classes of mutual funds, and waiving servicing fees; however, we have also mitigated that conflict of interest by rebating all 12b-1 and servicing fees charged to your account, in the event we are paid same.

### **Cash, Money Market Funds and Sweep Accounts**

Generally, some portion of your account will be held in cash. This can be a result of an asset allocation investment strategy, in light of current market conditions, defensive portfolio purposes, portfolio trading purposes, or for other cash management purposes. Should your portfolio assets be custodied with RBC, RBC limits the selection of money market mutual funds, cash sweep accounts or comparable investments in which to hold cash reserves in the client's account to certain investments. The selection includes money-market, municipal money- market, government money-market funds, and bank insured

deposit accounts. To this end, RBC will affect "sweep" transactions of free credit balances in your account into interest-bearing deposit accounts or investment vehicles established by your respective custodian.

Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are invested in a cash sweep vehicle automatically, on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, we have no control over the manner in which the cash reserves will be handled, and the client and custodian will make that determination.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculations hereunder and you could experience negative performance on the cash portion of the assets held in your account if our advisory fee charged on your cash is higher than the return you receive on your cash investments and any investments or sweep accounts structured to hold cash reserves.

### **Margin Loans and Credit Access Lines ("CAL")**

To the extent you utilize RBC for margin loan financing, or to open a CAL, our broker-dealer affiliate, ISC, will receive interest sharing compensation based upon the interest paid by your accounts for any such margin loans and credit access lines. Due to the foregoing practice, Institutional Securities Corporation will realize some economic benefit as a result of any margin loan or CAL utilized as a part of your investment strategy. This creates a conflict of interest in that it incentivizes the firm to initiate a margin loan or credit access line in your advisory account. To mitigate the conflict of interest created as a result of the interest sharing compensation earned by our affiliate on margin lending and CALs, we do not generally recommend margin relationships, or credit access lines with RBC, unless the particular investment strategy is suitable for the client or the client specifically requests an investment strategy requiring a margin loan or CAL, and the proposed strategy is suitable for the client. Further, any interest paid to our broker-dealer affiliate, Institutional Securities Corporation, is not shared with your Advisor or with ISCA.

### **Credit Interest Program**

ISCA has an agreement with RBC where a portion of the interest earned by RBC from cash sweep programs or money market funds is shared between our affiliated broker-dealer, ISC and RBC. Additional information about the revenue sharing agreement between ISCA and its Advisors, and ISC and its clearing broker, RBC is disclosed in Item 5, Fees and Compensation of this Brochure.

## **Item 15 Custody**

The Custody Rule provides that it is a fraudulent, deceptive or manipulative act, practice or course of business within the meaning of Section 206(4) of the Advisers Act for an investment adviser that is registered or required to be registered under the Advisers Act to have custody of client funds or securities unless they are maintained in accordance with the requirements of the rule. In this regard, where an investment adviser has custody of client funds or securities, it must obtain a surprise examination of client assets by an independent public accountant registered with the Public Company Accounting Oversight Board.



## **Invoicing**

ISCA is deemed to have custody of the funds and securities as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. However, a surprise examination is not required because ISCA has written authorization from each client to deduct advisory fees from the account held with the qualified custodian and each time a fee is directly deducted from a client account, ISCA concurrently: (i) sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and (ii). sends the client an invoice or statement itemizing the fee. The itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

Clients will receive brokerage statements no less than quarterly from the trustee or custodian. These statements are sent directly from the trustee or custodian to the Client. ISCA urges Clients to carefully review their custodial statements for accuracy of the management fee calculation as well as holdings and activity. Clients should contact ISCA directly if they believe that there is an error in their statement, or have any questions about any of the transactions, activity, holdings, or fees deducted.

## **Item 16 Investment Discretion**

ISCA allows certain Advisors to maintain discretionary accounts in accordance with the firm's written supervisory procedures. Discretion is allowed in terms of the dollar amount and the securities to be bought or sold and the commission rate paid as long as a valid client authorization is on file and the account has been approved in writing for discretionary account activity by the appropriate supervisor. Advisors are expressly prohibited from transferring or authorizing the withdrawal of assets on behalf of the client or otherwise to the customer, the Advisor, or to another entity.

ISCA usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such discretionary authority is generally obtained through your execution of a limited trading authority with your custodian for the purpose of directing and or effecting investments for your managed account. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, ISCA observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to ISCA in writing.

## **Item 17 Voting Client Securities**

As a matter of firm policy and practice, ISCA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

## **Item 18 Financial Information**

We are required in this Item to provide you with certain financial information or disclosures about ISCA's financial condition which would impede our ability to provide the advisory services described herein. ISCA 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. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## Item 20 Additional Information

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.

1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.