

**INFORMATIONAL BROCHURE**

**IBN ADVISORY SERVICES, INC.**

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Liverpool, NY 13088



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**December 13, 2019**

**This brochure provides information about the qualifications and business practices of “IBNADV”isory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 315.652.4426 or [compliance@ibrokernet.com](mailto:compliance@ibrokernet.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. “IBNADV”isory Services, Inc. is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about “IBNADV”isory Services, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Statement of Material Changes

Since our last annual amendment filing on December 31, 2018, there have been material changes to our Form ADV Part 2A and Part 2B. “IBNADV”isory Services, Inc. was subject to a Securities and Exchange Commission Audit of their procedures. Due to that audit we have rewritten significant portions of our Form Part 2B. Please read it carefully and if you have any questions please call our primary office at 315-652-4426 or email [compliance@ibrokernet.com](mailto:compliance@ibrokernet.com).

In addition, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information.

Additional information about “IBNADV”isory Services, Inc. is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for “IBNADV”isory Services, Inc. is 42360. The SEC’s web site also provides information about any persons affiliated with “IBNADV”isory Services, Inc. who are registered, or are required to be registered, as Investment Adviser Representatives of “IBNADV”isory Services, Inc.

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IBNADVISORY  
SERVICES, INC.

**Advisory Business**

Principally owned by Richard J. Carlesco Jr., Christopher R. Avery and Timothy E. Evans, IBN Advisory Services, Inc. (“IBNADV”) has been in business since January 2018. “IBNADV” is affiliated with IBN Financial Services Inc. (“IBNBD”) a Financial Industry Regulatory Authority “FINRA”, and a Securities Exchange Commission “SEC” Registered Investment Advisor. “IBNADV” is a New York Corporation with its principal office located at 404 Old Liverpool Rd., Liverpool, NY 13088. “IBNADV” provides asset management and access to other third part asset managers. “IBNADV” provides these services for IBN Financial Services, Inc. “IBNFNSR” and other Registered Investment Advisors. Most asset management will be performed through allocations to one or more investment strategies offered by “IBNADV” or other third-party registered investment advisors.

We provide these advisory services through several investment teams, each of which with their own advisory and management focus, to provide a diverse selection of models.

**Asset Management**

Asset management services involve the management of assets with different structures and investment goals.

“IBNADV” does not have a specified minimum account size. Some clients who wish to access multiple asset management styles, specifically third-party managers, may be required to have an account minimum.

Investment advisors of “IBNFNSR” or another Registered Investment Advisor may provide asset management on either a “discretionary” or “non-discretionary” basis. When “IBNADV” is engaged to provide asset management services on a discretionary basis, “IBNADV” will monitor the accounts to ensure that they are meeting the client’s asset allocation requirements. If any changes are needed, “IBNADV” will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the way their account is managed. For example, a client may restrict the types of investments “IBNADV” may use in the client’s account, or the allocations to a security type. Clients engaging “IBNADV” on a discretionary basis will be asked to execute an Investment Management Agreement that outlines the responsibilities of both the client and “IBNADV”.

When a firm engages “IBNADV” to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to the account will not be made until the investment advisor of the contracted firm has confirmed with the client (either verbally or in writing) that the proposed change is acceptable to the client.

When firms engage “IBNADV” to provide asset management services, the client and

“IBNADV” will execute an Investment Management Agreement that describes the services to be provided, the fees for the service, other expenses related to the provision of the investment management services, and how to terminate the agreement.

### **Financial Consulting**

“IBNADV” may provide financial consulting services (including investment and non-investment related matters, including estate planning, retirement planning, tax planning, etc.). Prior to engaging “IBNADV” to provide planning or consulting services, clients are generally required to enter into a written agreement with “IBNADV” setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to “IBNADV” commencing services.

### **Assets Under Management**

“IBNADV” has approximately \$62 Million in assets under management, in 600 accounts.

### **Assets Held Custody**

Folio Investments Inc. and TD Ameritrade. **IBN does not custody any assets.**

Third Party Management  
Clarifi, Mariner Wealth (Vantage Investment Advisors, LLC)  
First Fiduciary Investment Counsel, Inc.

## Fees and Compensation

### Fees Charged/ Fee Schedule: Financial Planning, Assistance and Education

Financial planning fees can be hourly, fixed fee basis (which may be per project or ongoing), or included with asset management services. Our hourly charge is between \$125 and \$350 per hour. Fixed fees will be between \$0 and \$15,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

### Asset Management

Generally, fees may vary from 0.50% to 2.00% per annum of the market value of a client's assets managed by "IBNADV". The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

Any fee above 2% must be approved by compliance in advance and the reason for the excess fee must be detailed in writing on part B of the Investment Management Agreement.

Folio trades at 11am EST and 2PM EST for no cost to the client. If the client wants to make a market order (outside our normal trading times) there is a \$3.95 charge per transaction.

*Clients being charged a fee greater than 2%, above the standard advisory fee, may be able to find comparable advisory services elsewhere for less. Charging more than 2% would violate the antifraud provision of Section 206 of the Investment Advisors Act of 1940 unless that advisor discloses to existing and potential clients that the fee is higher than normally charged in the industry and that other investment advisors provide the same or similar services at lower rates.*

### Fee Payment

Investment advisory fees will generally be debited directly from each client's account. However, clients do have the option to pay fees through an automated payment service although it is not required. The advisory fee is paid on either a quarterly or monthly basis depending on the chosen custodian and method. Depending on the client's needs and suitability, the appropriate custodian and billing model will be recommended. Fees are calculated based on the average value, beginning value or ending value depending on the manager or the custodian and will be disclosed in the Investment Management Agreement. Fees can be charged quarterly or monthly, in arrears or in advance, these are also disclosed in the Investment Management Agreement. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to the firm.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee. It is the responsibility of the client to verify the accuracy of all fee calculations. The client may terminate the investment advisory contract by notifying "IBNADV" in writing at its principal place of business.

Clients whose fees are debited from their bank accounts using the automated payment service will provide written consent for "IBNADV" to debit their bank accounts for the amount of the fee due to IBN Advisory Services, Inc. The advisory agreement may be modified as mutually agreed upon in writing. The agreement is terminable by you at any time. The agreement is not assignable by IBN Advisory Services, Inc without the advance written consent of the client.

## Other Fees

### *Mutual Funds*

All fees paid to “IBNADV” for investment advisory services are separate and distinct from the fees and expenses charged by underlying investments such as mutual funds. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Expenses of a fund, including management fees payable to the mutual fund manager, will not appear as transaction fees on a client’s statement, as they are deducted from the value of the shares by the mutual fund manager. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of “IBNADV”. In that case, the client would not receive the services provided by “IBNADV” which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by “IBNADV” to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. “IBNADV” can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

### **Wrap Fees**

If you choose a wrap fee you will only be charged a disclosed fee. You will not be charged for any trading fees. However, in any account you may be charged by other entities such as account closing fees and internal management fees. Please consult you advisor and review the Investment Management Agreement careful and read any other documents that may be provided such as a fee schedule. Folio trades at 11am EST and 2PM EST for no cost to the client. If the client want to make a market order (outside our normal trading times) there is a \$3.95 charge per transaction.

### **Traditional Management Fees**

If you choose this format you will be responsible for all trading and account fees separately from your management fee. These fees will be totally disclosed. Investment Advisors cannot earn a commission and a fee on the same asset. Please consult you advisor and review the Investment Management Agreement careful and read any other documents that may be provided such as a fee schedule.

### **Other Fees**

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for those disclosed in advance fees. There also may be fees associated with the custody of assets.

Because the frequent withdrawal and subsequent deposits of funds from “IBNADV” or Third Party Strategies can have an adverse impact on the success of those strategies and incur costs related to the execution of the liquidation transactions to fund withdrawals, clients withdrawing funds from a strategy offered by “IBNADV” or Third Party Strategies can be charged a fee. This fee may be waived by “IBNADV”.

When utilizing the services of a third-party manager (as described more in Item 8), such managers will charge fees for their services. These fees are separate from, and in addition to, “IBNADV” fees.



Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

## **Pro-rata Fees**

If you become a client during a billing period, you will pay a management fee for the number of days that you are in the investment (which could be the balance of a month or a quarter, depending upon the custodian chosen and other factors). If you terminate our relationship during a billing period, you will only be charged for the number days during that period you are invested.

### **A. Compensation for the Sale of Securities**

To permit “IBNADV” clients to have access to as many investment solutions as possible, certain professionals of “IBNADV” are registered representatives of IBN Financial Services, Inc. (“IBNBD”), a FINRA member broker-dealer. The relationship with “IBNBD” allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because “IBNBD” supervises the activities of these professionals as registered representatives of “IBNBD”, the relationship may be deemed material. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those he recommends to clients. Commissions charged for these products may or may not offset management fees owed to “IBNADV”.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with “IBNADV”. “IBNADV” attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

## **Performance-Based Fees**

### **Qualifications**

Performance-based fees can only be used with qualified clients. The term qualified client means a natural person who, or a company that, immediately after entering the contract has at least \$1,000,000 under the management of the investment adviser and/or has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000. The person’s primary residence must not be included as an asset.

In measuring clients' assets for the calculation of performance-based fees, we shall include realized and unrealized capital gains and losses.

## **Types of Clients**

“IBNADV” generally provides advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

“IBNADV” recommends minimums based on selected strategy. “IBNADV” has strategies that have no minimum however some strategies from third party managers can have minimums. Minimum recommendations for each strategy can be viewed in our account application packet or Item 8 below.

“IBNADV” can waive the minimum amount requirements at their sole discretion.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

When a client engages “IBNADV”, the firm will review a client’s portfolios, discuss the client’s investment objectives and risk tolerance as well as any potential investment restrictions, and plan a transition for the client’s assets from their current accounts to accounts managed by the firm. Transition plans will involve the placement of each client’s assets in an asset allocation strategy deemed appropriate by “IBNADV”. In many instances, but not always, the assets will be placed in the “IBNADV” Portfolios proprietary strategies.

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

Each client’s portfolio will be invested according to that client’s investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a financial strategy that fits those objectives. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client’s. Once we agree on allocation guidelines, risk tolerance, time horizon, and how to achieve these results, we will develop an investment strategy to guide all parties involved in the execution of these goals, including but not limited to, “IBNADV”, the client, the custodian, and the investment managers.

Upon completion of the investment strategy, we will periodically recommend securities transactions in your portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend that clients invest through our proprietary strategies, but we may also recommend securities such as stocks, index funds, exchange traded funds, mutual funds, and bonds or other third-party managers.

IBN Advisory Services, Inc relies on trade signals provided to us from Dynamic Portfolio Strategies to manage most of our proprietary models.

#### **Dynamic Portfolio Strategies Investment Philosophy**

Dynamic Portfolio Strategies has worked to identify the relationships between market data, economic data, and the performance of financial markets, in an effort to, systematically increase returns and reduce volatility. What we have found is that market events are not random, and just as the economy experiences cycles, so do the financial markets. There are times to own bonds, stocks, and commodities and more importantly, there are times to sell them. Using mathematical algorithms coupled with a methodical, proprietary scoring process, our models provide disciplined and unemotional “buy” and “sell” signals as the market changes. Based on these signals, client assets are then moved between stock, bond, sector, and money market mutual funds. A wide range of portfolios are offered to accommodate varying risk tolerances and investment objectives.

**Charlie White is president of Dynamic Portfolio Strategies**

Charlie has spent over 30 years in the financial services industry, beginning his career in 1986 as a full-service commission broker. For nearly 20 years, Charlie built and managed a successful brokerage business, based on the “Buy and Hold” investment philosophy. Following the tumultuous bear markets of 2001 and 2002, Charlie developed a dynamic asset management program to address the uncertainty in the markets. He began to transition his clients to the program, along with a migration from commission to fee-based accounts, as a way to protect his clients’ portfolios and proactively address market volatility. Charlie sold his retail advisory business and now focuses all of his time on helping other advisors introduce dynamic asset management to their clients.

**Dr. David Pollack, Chief Investment Strategist**

Dave brings with him nearly 30 years of mathematics experience. Dave attended the University of Illinois, earning a Bachelor’s Degree in Mathematics, a Master’s Degree in Mathematics, and a Ph.D. in Mathematics. Dave is responsible for developing and defining the algorithms supporting the DPS program. He is an integral part of the program’s data integration as well as the lead in new model advancements.

When mutual funds are utilized, specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by “IBNADV”, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund “IBNADV” deems relevant to that particular fund. We base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. We will also utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

As assets are transitioned from a client’s prior advisers to “IBNADV”, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by “IBNADV”. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, “IBNADV” will monitor the investment as part of its services to the client. “IBNADV” may suggest that a given investment be moved to a separate account.

### ***Third Party Managers***

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. We consider private placement, or “hedge funds” as third party managers.

We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager’s underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager’s compliance and business enterprise risks.

Based on a client’s individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager’s disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client, unless the client is non-discretionary. Permission for non-discretionary accounts will be obtained before placing the client's assets with another money manager.

“IBNADV” will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager’s underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager’s compliance and business enterprise risks.

Clients may have their assets allocated to the strategies of their affiliate, “IBNBD” or “IBNFNSR”. folios. The majority of “IBNADV” client assets are invested through Folio Investments, Inc. Individual investment adviser representatives may receive greater compensation for allocating assets to “IBNBD” or “IBNFNSR” than to other managers. This conflict of interest is disclosed to clients verbally and in this brochure. “IBNADV” also attempts to mitigate the conflict of interest by requiring employees to acknowledge the firm’s Code of Ethics, their individual fiduciary duty to the clients of “IBNADV”, which requires that employees put the interests of clients ahead of their own.

The use of a third-party manager does not change the relationship between the “IBNADV” professional and the client, in that such professional will still manage the overall client portfolio, adding, subtracting and modifying the allocations to different strategies and managers.

### ***Risk of Loss***

There are always risks to investing. *Clients should be aware that all investments carry various types of risk, including the potential loss of principal that clients should be prepared to bear.* It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Strategy Risk.** When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that “IBNADV” may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. “IBNADV” endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment’s value will decline as the price of goods rises (inflation). The investment’s value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Information Risk:** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third

parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Short Sales.** “Short sales” are a way to implement a trade in a security “IBNADV” feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. “IBNADV” utilizes short sales only when the client’s risk tolerances permit.
- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by “IBNADV” is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct “IBNADV”, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in the Options Strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involves smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- **Concentration Risk.** While “IBNADV” selects individual equities and bonds for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client’s equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.
- **Transition risk.** As assets are transitioned from a client’s prior advisers to “IBNADV” there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by “IBNADV”. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client’s holdings into recommendations of “IBNADV” may adversely affect the client’s account values, as “IBNADV” recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ. Clients should *carefully* review the risks associated with each manager as such risks are disclosed in that firm’s Form ADV and/or offering documents for the private placement, both of which are available from “IBNADV”.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Algorithms and Models.** When an investment manager develops a mathematical algorithm that identifies trigger points for the purpose of indicating a “buy” or “sell” signal, these trigger points are limited in that they are based on solely the data input into the algorithm. There is an unlimited amount of data that can be considered in making any given decision as to whether to buy or sell any given security. An algorithm, by design, ignores some data in favor of others. There is a risk that the data selected for the algorithm will not create a positive result, whereas other data, had it been considered, may do so.
- **REITs:** “IBNADV” may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as “REITs”. A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.
- **MLPs:** “IBNADV” may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask “IBNADV” any questions regarding the role of MLPs in their portfolio.

## Disciplinary Information

There are no disciplinary items to report.

Please check [www.finra.org](http://www.finra.org) Broker Check for more information.



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

### A. Broker-dealer

IBN Advisory Services, Inc is an affiliate of IBN Financial Services, Inc. and has the same management.

### B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of “IBNADV”, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### C. Relationship with Related Persons

Certain professionals of “IBNADV” are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for “IBNADV” clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of “IBNADV”. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client’s needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage “IBNADV” or utilize these professionals to implement any insurance recommendations. “IBNADV” attempts to mitigate this conflict of interest by disclosing the conflict to clients and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with “IBNADV”, or to determine not to purchase the insurance product at all. “IBNADV” also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm’s Code of Ethics, their individual fiduciary duty to the clients of “IBNADV”, which requires that employees put the interests of clients ahead of their own.

### D. Recommendations of other Advisers

See Item 8 regarding Third Party Managers.

In addition, “IBNADV” will recommend that clients utilize the proprietary strategies of “IBNADV”. In other words, there is a financial incentive to recommend “IBNADV” over another manager. We attempt to mitigate this conflict by educating employees on their fiduciary obligation to place the client’s interests ahead of their own, and by disclosing the common control and financial incentive in this brochure.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. “IBNADV” does not recommend to clients that they invest in any security in which “IBNADV” or any principal thereof has any financial interest.

C. On occasion, an employee of “IBNADV” may purchase for his or her own account securities

which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

"IBNADV" recommends that investment accounts be held in custody by TD Ameritrade Institutional Division of TD Ameritrade, Inc., Folio Institutional, a FINRA registered broker-dealer ("Folio"), and Folio<sup>fn</sup> offer enhanced services to independent investment advisors or by IBN Financial Services, Inc. a FINRA Broker Dealer and Registered Investment Advisor which clears through AXOS Clearing, Inc. These services include custody of securities, trade execution platforms, and access to research not available to the general public. All recommended broker-dealer/custodians are wholly independent from "IBNADV". It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

"IBNADV" recommends broker-dealers to its clients based on a variety of factors. These include, but are not limited to, commission costs. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. The broker-dealers we recommend add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. The broker-dealers we recommend also have arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). "IBNADV" re-evaluates the use of its recommended broker-dealers at least annually to determine if they are still the best value for our clients.

The broker-dealers we recommend may provide us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as "soft dollars". Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, "IBNADV" will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). "IBNADV" receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client's trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client's account. Soft dollars provide additional value and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether any other broker-dealer/custodian refers clients to "IBNADV" as part of our evaluation of these broker-dealers.

## B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

## Review of Accounts

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by "IBNADV" is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from their account custodian. Additionally, all clients will receive itemized bills from "IBNADV". Please refer to Item 15 regarding Custody.

## Client Referrals and Other Compensation

### A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

### B. Compensation to Non-Advisory Personnel for Client Referrals.

Clients may be introduced to IBN FSR via other third parties. In the event that IBN FSR compensates any party for the referral of a client to IBN FSR, any such compensation will be paid by IBN FSR, and not the client. At this time "IBNFNSR" does not pay a referral fee to any other firm or individual. If the client is introduced to IBN FSR by an unaffiliated third party, that third party will disclose to the client the referral arrangement with IBN FSR, including the compensation for the referral, and provide the client a copy of IBN FSR' ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between IBN FSR and the referral source, including the fact that referral fees will be paid.

## **Custody**

While some clients may request that an “IBNADV” representative assist them in reviewing household finances, at no time will an “IBNADV” representative have access to checks or bill paying services.

“IBNADV” deducts fees from client accounts but would not have custody of client funds otherwise. Clients will receive statements directly from their custodian, and copies of all trade confirmations directly from their custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by “IBNADV” against the information in the statements provided directly from their account custodian. Please alert us of any discrepancies.

## **Investment Discretion**

Please see response to Item 4 above regarding investment discretion.

## **Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. “IBNADV” will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. “IBNADV” will not give clients advice on how to vote proxies.

For client assets managed by “IBNADV”, “IBNADV” may accept proxy voting responsibility. Please see “IBNADV” Form ADV Part 2A, available upon request for more information.

## **Financial Information**

### **A. Balance Sheet**

A balance sheet is not required to be provided because the Adviser does not serve as a custodian for client funds or securities and the Adviser does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients**

The Adviser has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

C. Bankruptcy Petitions during the Past Ten Years

Neither the Adviser nor its management has had any bankruptcy petitions in the last ten years.

**Requirements for State-Registered Advisers**

Part A

Please refer to the Part 2B attached.

Part B

Please refer to the Part 2B attached.

Part C

Please refer to the Part 2B attached.

Part D

Please refer to the Part 2B attached.

Part E

Please refer to the Part 2B attached.

There are three principals of IBN Financial Services, Inc., Richard J Carlesco Jr he is the CEO, CFO, Christopher R. Avery is COO, and Timothy E. Evans is CCO are shareholders.

Richard J. Carlesco Jr.'s information is as follows: