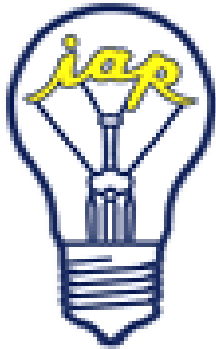


Registered as: Innovative Advisory Partners, LLC

## FORM ADV PART 2A FIRM DISCLOSURE BROCHURE



**INNOVATIVE  
ADVISORY PARTNERS**

Doing Business as:



**Financial Educators  
Network of East Tennessee**

4700 Hixson Pike, Hixson, TN 37343 | Phone: 423-870-2140, Fax: 423-870-2164

[www.innovativeria.com](http://www.innovativeria.com)

March 30, 2022

This brochure provides information about the qualifications and business practices of Innovative Advisory Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 423-870-2140 or [Joe.Franklin@Franklin-Wealth.com](mailto:Joe.Franklin@Franklin-Wealth.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. Additional information about Innovative Advisory Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for 156135. Innovative Advisory Partners, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2: Material Changes**

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The following is a Summary of the Material Changes to the Part 2A disclosure brochure for Innovative Advisory Partners, LLC which have occurred since the filing of our previous annual amendment on 03/31/2021.

## Item 3 Table of Contents

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<b>Item 1 – Cover Page</b> .....	<b>1</b>
<b>Item 2 – Material Changes</b> .....	<b>2</b>
<b>Item 3 – Table of Contents</b> .....	<b>3</b>
<b>Item 4 – Advisory Business</b> .....	<b>4</b>
<b>Item 5 – Fees and Compensation</b> .....	<b>9</b>
<b>Item 6 – Performance-Based Fees and Side-By-Side Management</b> .....	<b>13</b>
<b>Item 7 – Types of Clients</b> .....	<b>13</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>13</b>
<b>Item 9 – Disciplinary Information</b> .....	<b>22</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations</b> .....	<b>22</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b> .....	<b>23</b>
<b>Item 12 – Brokerage Practices</b> .....	<b>23</b>
<b>Item 13 – Review of Accounts</b> .....	<b>26</b>
<b>Item 14 – Client Referrals and Other Compensation</b> .....	<b>26</b>
<b>Item 15 – Custody</b> .....	<b>27</b>
<b>Item 16 – Investment Discretion</b> .....	<b>27</b>
<b>Item 17 – Voting Client Securities</b> .....	<b>27</b>
<b>Item 18 – Financial Information</b> .....	<b>28</b>
<b>Appendix 1 - Wrap Fee Brochure</b> .....	<b>27</b>
<b>Privacy Policy</b> .....	<b>35</b>

## **Item 4 Advisory Business**

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Innovative Advisory Partners, LLC ("IAP") is a registered investment adviser based in Hixson, Tennessee. We are organized as a limited liability company under the laws of the State of Tennessee and formed in 2010.

The firm is primary owned by Franklin Wealth Management, LLC which also serve as a doing business as name. Franklin Wealth Management, LLC is owned by Joe D. Franklin, who serves as the CEO, President and Chief Compliance Officer of Innovative Advisory Partners, LLC.

The firm provides innovative advice for business-minded professionals, with a focus on inter-generational planning and out of the box thinking with regard to saving taxes, investing and ensuring clients stay financially fit. Services consist of portfolio management and financial planning and consulting services. Clients may retain Innovative Advisory Partners, to provide portfolio management and financial planning or may engage us to provide either service exclusive of the other.

### **Asset Management**

We provide portfolio management services based on static and dynamic model portfolios. Static model strategies are based on current and past performance of different sectors and dynamic model strategies are generally more aggressive in nature based on current and expected future performance of asset classes.

If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to construct an investment portfolio for you which will be based on a model portfolio. Once we select a model portfolio for you, we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

We offer discretionary and non-discretionary authority to manage your account. Written discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

### **Strategic Wealth Management (SWM I)**

Strategic Wealth Management (SWM I) - is a comprehensive, open-architecture, fee-based investment platform created by LPL Financial (LPL) to allow Independent Investment Advisors such as Innovative Advisory Partners to offer Clients customized advice and service. The platform provides a foundation to develop long-term financial goals and provide potential solutions. With this platform, multiple investments can be in a single account with one consolidated statement. More specific account information and acknowledgements are further detailed in the account opening documents.

### **Innovative Advisory Partners Wrap Fee Program (SWM II)**

SWM II is identical to SWM I except for the fee structure, it is offered as a wrap fee program where

Innovative Advisory Partners acts as the sponsor and portfolio manager. The cost to manage an account, advisory fees and transaction expenses are “wrapped” into a single fee. Please see Appendix 1 –Wrap Fee Program Brochure, which is included as a supplement to this Disclosure Brochure for additional details.

### **LPL Sponsored Wrap Fee Programs**

Innovative Advisory Partners also offers a wrap fee program where LPL serves as the sponsor and portfolio manager. While LPL serves as the wrap fee sponsor and portfolio manager, Innovative Advisory Partners manages the allocation of funds between the different portfolios and available fund selections.

### **LPL Financial Advisory Programs**

We provide advisory services through programs sponsored by LPL Financial Corporation ("LPL"), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see Form ADV Part 2 or the applicable LPL Wrap Fee Brochure and the applicable client agreement.

#### **Optimum Market Portfolios Program (OMP)**

OMP offers you the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, you will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by you. We will assist you in determining the suitability of OMP for you and assist you in setting an appropriate investment objective. We will be authorized by you to select a mutual fund asset allocation portfolio designed by LPL's Research Department consistent with your stated investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for you. LPL will also have authority to rebalance the account. A minimum account value of \$15,000 is required for OMP.

#### **Model Wealth Portfolios Program (MWP)**

MWP offers you a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from you, assist you in determining the suitability of the MWP program, and assist you in setting an appropriate investment objective. We will initiate the steps necessary to open an MWP account and will be authorized by you to select a model portfolio designed by LPL's Research Department consistent with your stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. You will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. You will also authorize LPL to effect rebalancing for MWP accounts. In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, we will have discretion to choose among the available models designed by LPL and outside strategists. A minimum account value of \$100,000 is required for MWP.

## **Financial Planning and Consulting Services**

Innovative Advisory Partners offers broad-based, modular, and consultative financial planning services. Our financial planning services typically involve providing a variety of advisory services regarding the management of your financial resources based upon an analysis of your individual needs. Financial planning services may include but may not be limited to:

- investment planning,
- estate planning
- tax planning
- asset protection planning
- retirement planning
- wealth planning

If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You should also be aware that our financial plans may contain certain assumptions with respect to interest and inflation rates, along with past trends and performance of the market and economy. Past performance is in no way an indication of future performance. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

For consultative planning, where we advise you on specific financial related topics, fees may be due and payable upon completion of services rendered and may be charged on a negotiable hourly or fixed fee basis. In certain circumstances other fee payment arrangements may be made, which will be determined on a client by client basis.

You may terminate the financial planning agreement with written notice within 5 days of the signing of the agreement, without penalty. Thereafter, you may terminate the financial planning agreement upon 30 day's written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre- paid fees that we have not yet earned, you will receive a prorated refund of those fees.

In some cases we may waive or offset the financial should you choose to implement the advice through our portfolio management services as described above or by purchasing insurance or a commissioned product through associated persons acting as insurance agents or as registered representatives of LPL. We reserve the right to determine whether the financial planning fees will be waived or offset by the fees earned in the implementation process. However, you are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through portfolio management services and are free to act on our recommendations by placing securities transactions with any brokerage firm of your choice.

You may terminate the client agreement with written notice within 5 days of the signing of the agreement, without penalty. Thereafter, you may terminate the client agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Financial Institution Consulting Services**

Innovative Advisory Partners provides investment consulting services to certain broker/dealers' customers ("Brokerage Customers") who provide written consent requesting to receive the firm's consulting services. Brokerage Customers have entered into a written advisory agreement with Innovative Advisory Partners.

### **Wealth Management Reporting**

We offer an online wealth management reporting service whereby you are able to view all your financial and account information in a consolidated reporting format.

We charge the following fees for such service which is based upon the value of assets reported on as follows:

<b>Asset Value</b>	<b>Annual Fee</b>
Up to \$500,000	0.10%
\$501,000 to \$1,000,000	0.05%
\$1,000,001 to \$5,000,000	0.05%
\$5,000,001 to \$10,000,000	0.05%
Above \$10,000,000	Negotiable*

\* There is a minimum \$75 charge for this service.

### **Hourly Consulting Services**

Innovative Advisory Partners offers consulting services on an hourly basis. Hourly consulting and financial planning offer similar services but differ in depth and scope. Financial planning is generally more comprehensive and takes into account a client's entire financial situation whereas hourly consulting tends to be more focused on a particular financial objective or need. The hourly consulting engagement terminates upon final consultation with the client.

### **General**

LPL serves as program sponsor, investment advisor, and broker-dealer for the LPL advisory programs. Additionally, LPL serves as a broker-dealer on LPL advisory program accounts and also provides administrative and back office support services in connection with the programs. For each of their respective services, our firm and LPL may share in the account fee and other fees associated with program accounts. Our firm and LPL are not affiliated companies. Associated persons of our firm may be registered representatives of LPL.

Transactions in LPL advisory program accounts are generally effected through LPL as the Custodian, clearing and executing broker-dealer. We also recommend the brokerage and custodial services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), for which we have an existing relationship.

Innovative Advisory Partners receive compensation as a result of your participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what we would receive if you participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

## **Types of Investments**

We primarily offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, U.S. Government securities, options contracts on securities, interests in partnerships investing in real estate and oil and gas, managed futures, hedge funds and other alternative investments. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **Educational Seminars and Speaking Engagements**

Innovative Advisory Partners strongly believes in investor education. As such, Innovative Advisory Partners hosts educational workshops and seminars to clients and prospective clients. Innovative Advisory Partners may or may not charge for attending an educational workshop or seminar, depending on the volume and costs of materials provided to the attendees, length of the session, cost of venue, etc. If Innovative Advisory Partners does charge for attendance, the charge will not exceed \$100 per attendee.

## **Assets Under Management**

As of December 31, 2020, we manage approximately \$172,000,000 in client assets on a discretionary basis, and \$15,000,000 in client assets on a non-discretionary basis.

## **Conflicts of Interest**

Investment advisor representatives must fully disclose all material facts concerning any conflict and should avoid even the appearance of a conflict of interest and abide by honest and ethical business practices.

- The recommendation that a client purchase a commission product from an investment advisor representative in their separate capacity as a registered representative of LPL or as an agent of an insurance company presents a conflict of interest, as the receipt of commissions provides an incentive that may not be in a client's best interests.
- Investment advisor representatives must not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account. Investment advisor representatives must make recommendations with reasonable grounds to believe that they are appropriate based on the information furnished by the client.
- Investment advisor representatives may not borrow money or securities from or lend money or securities to a client.
- Investment advisor representatives must not place an order for the purchase or sale of a security if the security is not registered, or the security or transaction is not exempt from registration in the specific state.
- Product sponsors may pay for or reimburse Innovative Advisory Partners for the costs associated with education or training events.



- The code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts.

In offering financial planning, a conflict exists between the interests of the investment advisor and the interests of the client. The client is under no obligation to act upon the investment advisor's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to affect the transaction through the investment advisor. Such conflicts and risk of misconduct are mitigated by an investment advisor representative's fiduciary duty to act in the best interests of its clients. The firm's Chief Compliance Officer, Joe Franklin, is available to address any questions regarding conflicts of interest.

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

Please refer to the *Advisory Business* section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer. We provide an initial financial plan for a fee of .20% of the value of the total assets covered by the plan with a minimum fee of \$1,000. We charge an annual fee of .05% of the total assets covered by the plan for updates to the financial plan. Our fees are negotiable and will depend on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We require that you pay one half of the fee in advance and the remaining portion upon the completion of the services rendered. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200. We will invoice you for financial planning fees or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee**</b>
First \$1,000,000	2.25%
\$1,000,000 - \$2,000,000	1.80%
\$2,000,000 - \$5,000,000	1.55%
\$5,000,000 - \$25,000,000	1.00%
\$25,000,000 - \$50,000,000	0.90%
\$50,000,000 and above	0.80%

\*\*We impose a minimum annual fee of \$2,000 per household. The fee schedule is blended, meaning that you will be charged the corresponding fee based upon the value of your account at each tier.

Clients may be charged higher or lower fees than the fee schedule above. Some clients may be charged an

overall flat percentage rather than blended.

An annual fee of up to \$65 may be assessed on all accounts to cover technology costs.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the client agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

### **Wealth Management Reporting**

Innovative Advisory Partners offers an online wealth management reporting service whereby you are able to view all your financial and account information in a consolidated reporting format. We charge the following fees for such service which is based upon the value of assets reported on as follows:

<b>Asset Value</b>	<b>Annual Fee</b>
Up to \$500,000	0.10%
\$501,000 to \$1,000,000	0.05%
\$1,000,001 to \$5,000,000	0.05%
\$5,000,001 to \$10,000,000	0.50%
Above \$10,000,000	Negotiable

### **Fees for LPL Advisory Programs**

The account fee charged to you for each LPL advisory program is negotiable, subject to the following maximum account fees:

- OMP 2.5%
- MWP 2.5%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

Associated persons of our firm may also be registered representatives of LPL (see Section on Other Financial Industries below).

### **Educational Seminars and Speaking Engagements**

IAP strongly believes in investor education. As such, IAP hosts educational workshops and seminars to clients and prospective clients. IAP may or may not charge for attending an educational workshop or seminar, depending on the volume and costs of materials provided to the attendees, length of the session, cost of venue, etc. If IAP does charge for attendance, the charge will not exceed \$100 per attendee.

We offer investment advisory services to individuals, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

### **Minimum Account Size**

We impose a minimum annual fee of \$2,000 per household for portfolio management services.

### **LPL Financial Advisory Programs**

LPL OMP	\$15,000
LPL PWP	\$250,000
LPL MWP	\$100,000
LPL MAS	\$100,000

### **Mutual Fund Share Class Disclosures**

Certain mutual fund share classes charge a 12b-1 fee that generally amounts to an additional .25% expense ratio or more. The purpose of 12b-1 fees, as approved by the SEC, are to cover marketing expenses and shareholder services such as support services and “other expenses” such as legal, accounting and the administrative functions of the custodian. When selecting a mutual fund, Investment Advisor Representatives have a fiduciary duty to choose the share class that helps manage the overall fee structure of the account. The entire fee structure includes such fees as the asset management fee, the expense ratio and ticket charges.

- Mutual funds typically offer multiple share classes, including lower-cost share classes that do not charge 12b-1 fees and are therefore usually less expensive.
- Investment Advisor Representatives will consider investing client funds in 12b-1 fee-paying share classes even when a lower-cost share class is available as appropriate to account for the overall fee structure and tax considerations as well as attributes of a fund not available for lesser fees.

### **Financial Institution Consulting Services**

Innovative Advisory Partners receives a consulting fee based on the Assets Under Management from Brokerage Customers who have provided written consent to a broker/dealer to receive the investment consulting services and have entered into a written advisory contract with Innovative Advisory Partners. The consulting fee is calculated from the Assets Under Management as of the end of a calendar quarter period multiplied by the annualized rate up to 2.25%. The initial fee is paid only after the completion of one full calendar quarter period following the date of the executed agreement with broker/dealers

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. We will invest your account, when suitable, in no load mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

### **Compensation for the Sale of Securities or Other Investment Products Securities**

Associated Persons providing investment advice on behalf of our firm are registered representatives with LPL Financial Corporation ("LPL"), a registered general securities broker-dealer and investment adviser licensed under federal and state securities laws. LPL is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). In their capacity as registered representatives, these persons receive commission-based compensation in connection with the purchase and sale of securities (such as stocks, bonds, variable annuities, and limited partnerships), including 12b-1 fees for the sale of investment company products ("mutual funds")(We do not receive 12b1-fees for securities in advisory accounts). Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to buy or sell securities products through any person affiliated with our firm.

### **Insurance**

In addition, Associated Persons of our firm are also licensed as independent insurance agents with various insurance agencies and can sell insurance products to you (i.e. life, health, and long term care products) and earn commissions. Our firm is also a licensed insurance agency and may also receive commissions from the sale of insurance products. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services primarily to individuals, high net-worth individuals, charitable organizations, and corporation as well as broker/dealers.

## **Minimum Account Fee**

We impose a minimum annual fee of \$2,000 per household for portfolio management services.

## **LPL Financial Advisory Programs**

- LPL OMP: this program has a minimum account size of \$15,000.
- LPL PWP: this program has a minimum account size of \$250,000.
- LPL MWP: this program has a minimum account size of \$100,000.
- LPL Manager Access Select: this program has a minimum account size of \$100,000, however, in certain instances; the minimum account size may be lower or higher.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. Although fundamental analysis is a well-recognized method of analysis, information obtained through this type of analysis may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. However, technical analysis may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. When utilizing cyclical analysis, economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- **Margin Transactions** - A securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- **Options Trading/Writing** - A securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. We only engage in options trading on a limited basis.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy in limited circumstances when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any

guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Company Specific Risk** – an unsystemic risk specific to a certain company's operations, executive decisions and reputation which is difficult to quantify
- **Concentration Risk** – concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.
- **Force Majeure** – a natural and unavoidable catastrophe that interrupts the expected course of events, market structure and access to funds.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when

desired or in sufficient quantities because opportunities are limited.

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably due to factors affecting securities markets generally or particular industries. This is a risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Pandemic Risk** – Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political Risk** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Terrorism Risk** – an act of terror or calculated use of violence against the country, market structure or individuals.

### **Investment Strategies**

An investment strategy is what guides an investor's decisions based on goals, risk tolerance, and future needs for capital. Some investment strategies seek rapid growth where an investor focuses on capital appreciation, or they can follow a low-risk strategy where the focus is on wealth protection.

- **Income with Capital Preservation.** A conservative investment strategy with an objective of long-term accumulation. Emphasis is placed on generating current income with minimal risk of capital loss. A low-risk investment strategy generally results in reduced potential for overall return.
- **Income with Moderate Growth.** This investment objective emphasizes the generation of current income with a secondary focus on moderate capital growth.
- **Growth with Income.** This investment objective emphasizes modest capital growth with some focus on the generation of current income.
- **Growth.** This investment objective emphasizes achieving high long-term growth and capital appreciation. There is little focus on the generation of current income.



- **Aggressive Growth.** This investment objective emphasizes aggressive growth and maximum capital appreciation, with no focus on the generation of current income. This objective has a very high level of risk and is for investors with a longer time horizon.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we recommend a variety of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks and even with the same type of security, risks can vary widely. In general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. We have identified the more common types of securities we recommend, and general risks associated with such investments as follows.

### **Types of Investments (Examples, not limitations)**

Investment advisor representatives of Shadow Wealth Management, LLC allocate a client's assets as appropriate to help them reach their individual investment objectives within their time horizon in a manner consistent with their risk profile. Client funds are allocated appropriately in such investments as follow:

- **Alternative Investments** – The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.
- **Annuities** – are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy.
  - **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts. Variable annuities typically offer:
    - Regular stream of income or a lump sum payout at a future time
    - Tax-deferred treatment of earnings
    - Death benefits

Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges apply if money is withdrawn early. Variable annuities also involve investment risks, like mutual funds.

- **Cash Positions** – Based on a perceived or anticipated market conditions and/or events, certain assets may be taken out of the market and held in a defensive cash position. All cash may be included as assets subject to the agreed upon advisory fee. Other investment types may be included as appropriate for a particular client and their respective trading objectives. Innovative Advisory Partners generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve a reasonable return on our client’s cash balances through relatively low-risk conservative investments.
- **Commercial Paper (CP)** - In most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default. There is a less risk in asset based commercial paper (ABCP). The difference between ABCP and CP is that instead of being an unsecured promissory note representing an obligation of the issuing company, ABCP is backed by securities. Therefore, the perceived quality of the ABCP depends on the underlying securities.
- **Certificates of Deposit** - Generally the safest type of investment since they are insured by the federal government. However, because the returns are generally very low, it's possible for inflation to outpace the return. Likewise, US Government securities are backed by the full faith and credit of the United States government but it's also possible for the rate of inflation to exceed the returns.
- **Corporate Debt Securities** (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.
- **Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **Exchange Traded Funds (ETFs)** – an ETF is a portfolio of securities invested to track a market index similar to an index mutual fund but the shares are traded on an exchange like an equity. An ETF share price fluctuates intraday depending on market conditions instead of having a net asset value (NAV) that is calculated once at the end of the day. The shares may trade at a premium or discount; and as a result, investors pay more or less when purchasing shares and receive more or less than when selling shares. The supply of ETF shares is regulated through a mechanism known as creation and redemption that involves large specialized investors, known as authorized participants (APs). Authorized participants are large financial institutions with a high degree of buying power, such as market makers, banks or investment companies that provide market liquidity. When there is a shortage of shares in the market, the authorized participant creates more (creation). Conversely, the authorized participant will reduce shares in circulation (redemption) when supply falls short of demand. Multiple authorized participants help improve the liquidity of a particular ETF and stabilize the share price. To the extent that authorized participants cannot or are otherwise unwilling to engage in creation and redemption transactions, shares

of an ETF tend to trade at a significant discount or premium and may face trading halts and delisting from the exchange. The performance of ETFs is subject to market risk, including the complete loss of principal. ETFs also have a trading risk based on cost inefficiency if the ETFs are actively traded and a liquidity risk if the ETFs has a large price spread and low trading volume. In addition, investors buying or selling shares in the secondary market pay brokerage commissions, which may be a significant proportional cost not incurred by mutual funds.

- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Fixed Income** – investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing.
- **Limited Partnership** - is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.
- **Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

- **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature
- **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. To provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Municipal Securities**, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.
- **Non-U.S. Securities** – present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **Margin Borrowings** – The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.
- **Options and warrants** - give an investor the right to buy or sell a stock at some future time at a set price. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited. The main difference between warrants and call options is that warrants are issued and guaranteed by the issuing company, whereas options are traded on an exchange and are not issued by the company. Also, the lifetime of a

warrant is often measured in years, while the lifetime of a typical option is measured in months.

- **Regulation D Private Placements** - Under the federal securities laws, any offer or sale of a security must either be registered with the SEC or meet an exemption. Regulation D under the Securities Act provides a number of exemptions from the registration requirements, allowing some companies to offer and sell their securities without having to register the offering with the SEC. However, a "Form D" must be electronically filed with the SEC after they first sell their securities. Form D is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little other information about the company.
- **Short Sales** - A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Options and warrants give an investor the right to buy or sell a stock at some future time at a set price. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited. The main difference between warrants and call options is that warrants are issued and guaranteed by the issuing company, whereas options

are traded on an exchange and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months.

A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

### **Item 9 Disciplinary Information**

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Neither our firm nor any management persons has any reportable disciplinary information.

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

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#### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives with LPL Financial Corporation. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if the client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Joe Franklin at (423) 870-2140.

#### **Insurance Business**

In addition, Associated Persons of our firm are also licensed as independent insurance agents with various insurance agencies and can sell insurance products to you (i.e. life, health, and long-term care products) and earn commissions. Our firm is also a licensed insurance agency and may also receive commissions from the sale of insurance products. Insurance commissions earned are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

#### **Financial Institution Consulting Services**

Innovative Advisory Partners has agreement(s) with broker/dealers to provide investment consulting services to Brokerage Customers. Broker/dealers pay compensation to Innovative Advisory Partners for providing investment consulting services to Customers. This consulting arrangement does not include assuming discretionary authority over Brokerage Customers' brokerage accounts or the monitoring of securities. These consulting services offered to Brokerage Customers may include a general review of Brokerage Customers' investment holdings, which may or may not result in specific securities recommendations or offering general

investment advice. Brokerage Customers will execute a written advisory agreement directly with Innovative Advisory Partners.

This relationship presents conflicts of interest. Conflicts are mitigated by Brokerage Customers consenting to receive investment consulting services from Innovative Advisory Partners by Innovative Advisory Partners not accepting or billing for additional compensation on broker/dealers' Assets Under Management beyond the consulting fees disclosed in Item 5 in connection with the investment consulting services; and by Innovative Advisory Partners not engaging as, or holding itself out to the public as, a securities broker/dealer. Innovative Advisory Partners is not affiliated with any broker/dealer.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Joe Franklin at 423-870-2140.

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

Innovative Advisory Partners recommend that clients in need of brokerage and custodial services utilize LPL Financial Corporation ("LPL") and/or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), for which we have existing relationships.

### **LPL Financial (LPL)**

LPL provides brokerage and custodial services to independent investment advisory firms, including Innovative Advisory Partners. For accounts custodied at LPL, LPL generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL accounts. For IRA accounts, LPL generally charges account maintenance fees. In addition, LPL also charges clients miscellaneous fees and charges, such as account transfer fees. LPL charges Innovative Advisory Partners an asset-based administration fee for administrative services provided by LPL. Such administration fees are not directly borne by clients, but may be considered when Innovative Advisory Partners negotiates its advisory fee with clients. While LPL does not participate in, or influence the formulation of, the investment advice provided, certain supervised persons are dually registered with LPL. Dually registered IARs are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker/dealer or custodian that is not approved by LPL.

Clients should also be aware that for accounts where LPL serves as the custodian, Innovative Advisory Partners is limited to offering services and investment vehicles that are approved by LPL, and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL. Clients should understand that not all investment advisers recommend that clients custody their accounts and trade through specific broker/dealers.

- LPL is responsible under FINRA rules for supervising certain business activities of Innovative Advisory Partners and certain Investment Advisor Representatives that are dually registered.
- LPL is responsible under FINRA rules for supervising certain account activity of accounts held at a custodian other than LPL. LPL charges a fee for its oversight. This presents a conflict of interest because Innovative Advisory Partners has a financial incentive to recommend LPL rather than an alternate custodian to avoid incurring this oversight fee. The conflict is mitigated by the fiduciary duty to act in a client's best interest and by doing so.
- Certain associated persons of our firm, who are registered representatives of LPL are subject to FINRA Conduct Rule 3040, which may restrict such registered individuals from conducting securities transactions away from LPL, unless LPL provides the representative with written authorization. Therefore, you are advised that such persons may be limited to conducting securities transactions through LPL or through custodians approved by LPL.
- We receive, at no cost, additional products and services from LPL, including, but not limited to, research, software, brokerage, custodial, administrative support, record keeping and related services.

### **TD Ameritrade, Inc.**

Innovative Advisory Partners participates in TD Ameritrade's institutional customer program and recommends TD Ameritrade to Clients for custody and brokerage services. TD Ameritrade Institutional is a division of TD Ameritrade Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer.



There is no direct link between the Innovative Advisory Partners participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

- Benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.
- TD Ameritrade pays for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program benefit Advisor but may not benefit its Client accounts.

These products or services can assist Innovative Advisory Partners in managing and administering accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors always to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a conflict of interest that can indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

The products and services described above are provided as part of the overall relationship with TD Ameritrade. While as a fiduciary, Innovative Advisory Partners endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because the firm's recommendation that clients custody their assets at the custodian based, in part, on the benefits and of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided.

Innovative Advisory Partners believe that LPL and TD Ameritrade provide the best services at competitive rates. The reasonableness of commission rates is based on several factors, including the broker's ability to provide professional services, execution, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in transactions. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

### **Block Trades**

We may but are not required to combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). When we block trade, we will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event orders are not aggregated, clients may receive different prices for the same securities transactions. Furthermore, you may not be able to buy or sell the same quantity of securities and may be charged higher fees or commissions, than if transactions were aggregated.

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

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Joe Franklin, Managing Member will monitor your account on an ongoing basis and will re-balance your portfolio(s) as market conditions and your circumstances change. In addition, he will conduct internal account reviews on a quarterly basis to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- changes in your financial circumstances;
- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or,
- changes in your risk/return objectives.

LPL will provide portfolio management clients with a performance report on a quarterly basis as well as account statements and confirmations of transactions.

LPL Manager Access Select, Model Wealth Portfolios and Personal Wealth Portfolios Programs: In addition to the quarterly portfolio reports described in the Form ADV Part 2 of LPL, LPL will transmit to clients account statements showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.

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

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Innovative Advisory Partners is a fee-based advisory firm, that is compensated solely by its Clients and not from any investment product. Innovative Advisory Partners does not receive commissions or other compensation from product sponsors, broker-dealers or any un-related third party. Innovative Advisory Partners may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, Innovative Advisory Partners may receive non-compensated referrals of new Clients from various third-parties.

Innovative Advisory Partners and employees can receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representatives, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Innovative Advisory Partners for the costs associated with, education or training events that may be attended by Innovative Advisory Partners employees and investment advisor representatives and for Innovative Advisory Partners sponsored conferences and events.

### **Cash Solicitation Agreement**

Innovative Advisory Partners has entered into a solicitation agreement pursuant to which it compensates third-party intermediaries a fee for client referrals that could lead to new Clients. Any such cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party. The cost of any such fees will be borne entirely by Innovative Advisory Partners. Innovative Advisory Partners does not make similar referrals to other entities for a fee.

### **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your account(s) causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

### **Item 16 Investment Discretion**

You may grant our firm written authorization over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this Brochure for more information on our discretionary management services.

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

Innovative Advisory Partners will not vote proxies on behalf of advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, the materials would be forwarded directly to you by mail, unless you have authorized the firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### **Item 18 Financial Information**

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We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, broker-dealer firms having regulatory requirements to supervise certain activities of Innovative Advisory Partners, LLC, accountants, consultants, and attorneys. We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law. You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Joe Franklin at 423-870-2140, if you have any questions regarding this policy.

### **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. Errors that result in a gain will accrue to the benefit of the custodian if the account is held at LPL Financial or to the designated charity if the custodian is TD Ameritrade. Errors that result in a loss will be reimbursed to the account in which the error was made.

# Appendix 1 – Wrap Fee Program Brochure

4700 Hixson Pike, Hixson, TN 37343 | Phone: 423-870-2140, Fax: 423-870-2164

March 30, 2022

This Form ADV2A - Appendix 1 (“Wrap Fee Brochure”) provides information about the qualifications and business practices for Innovative Advisory Partners (“the firm”) services when offering services according to a wrap program. This Wrap Fee Brochure shall always be accompanied by the firm’s Disclosure Brochure, which provides complete details on the business practices of the firm. If you did not receive the firm Disclosure Brochure or you have any questions about the contents of this Wrap Fee Brochure or the firm Disclosure Brochure, please contact us at (423) 870-2140

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. Additional information about the firm and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD No. 156135. Licensure does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

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If the firm amends this brochure so that it contains material changes from the last annual update, the changes will be identified in this item.

Clients will receive, at no charge, a summary of any material changes within 120 days of the firm's fiscal year-end and promptly (generally within 30 days) after any material changes throughout the year.

**Item 3 – Table of Contents**

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**Item 1 – Cover Page ..... 29**

**Item 2 – Material Changes ..... 30**

**Item 3 – Table of Contents ..... 31**

**Item 4 – Services, Fees and Compensation ..... 32**

**Item 5 – Account Requirments and Types of Clients ..... 33**

**Item 6 – Portfolio Manager Selection and Evaluation ..... 33**

**Item 7 – Client Information Provided by Portfolio Managers ..... 33**

**Item 8 – Client Contact with Portfolio Managers ..... 33**

**Item 9 – Additional Information ..... 33**

## **Item 4 – Services, Fees and Compensation**

Innovative Advisory Partners provides investment advisory services where the asset management fee and ticket charges are "wrapped" into a single payment. This Wrap Fee Program Brochure is provided as a supplement to the firm's Disclosure Brochure (Form ADV 2A) to provide further details of the business practices and fee structure.

This Wrap Fee Program Brochure references back to the firm's Form ADV 2A in which this Wrap Fee Program Brochure serves as an Appendix. Please see Item 4 – Advisory Services of the Form ADV 2A for details on the firm's investment philosophy and related services.

Innovative Advisory Partners is the sponsor and portfolio manager of this Wrap Fee Program and receives investment advisory fees paid by Clients and pays the Custodian for the costs associated with the regular trading activity.

Investment advisory fees are negotiable based on the scope and complexity of the services, the amount of time and expertise required but generally do not exceed 1.5% subject to the below grid.

<b>Assets under Management</b>	<b>Annual Percentage Fee**</b>
First \$1,000,000	2.25
\$1,000,000 - \$2,000,000	1.80%
\$2,000,000 – \$5,000,000	1.55%
\$5,000,000 - \$25,000,000	1.00%
\$25,000,000 - \$50,000,000	0.90%
\$50,000,000 and above	0.80%

\*\*We impose a minimum annual fee of \$2,000 per household. The fee schedule is blended, meaning that you will be charged the corresponding fee based upon the value of your account at each tier.

Participation in this wrap fee program may cost more or less than purchasing such services separately. For example a client account with a high volume of trading is likely to benefit from the fee structure of a wrap fee program whereas a client with a low volume of trading is likely to benefit more from a fee structure that charges a transaction fee per trade with a lower asset management fee or a brokerage account that does not charge an asset management fee for active management.

### **Other Fees and Expenses**

Clients may incur fees or charges imposed by third parties, other than the firm, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by LPL Financial. The fees charged by the firm are separate and distinct from custodial and execution fees. In addition, all fees paid to the firm are separate and distinct from the expenses charged by mutual funds and exchange-traded funds. These fees and costs are described in each fund's prospectus. These fees and costs will generally be used to pay management fees for the fund, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these



products directly, without the services of Innovative Advisory Partners, but would not receive the advisory services to assist in determining which products or features are most appropriate for their financial situation and objectives. Accordingly, the Client should review the fees charged by the fund[s] and the fees charged by the firm to fully understand the total costs.

Only advisory fees are retained by Innovative Advisory Partners.

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### **Item 5 – Account Requirements and Types of Clients**

Please see Item 7 – Types of Clients in the Form ADV 2A Disclosure Brochure.

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### **Item 6 - Portfolio Manager Selection and Evaluation**

Innovative Advisory Partners serves as sponsor and portfolio manager for the services under this Wrap Fee Program. The firm does not charge performance-based fees. The selection of the wrap fee program for a client is based on their preference for a model-based account or open architecture as well as account minimum requirements. The performance of the wrap fee program is calculated by LPL Financial and reviewed based on account statements and performance reports prepared by LPL Financial. There is no financial incentive to recommend one wrap fee program over another.

Innovative Advisory Partners does not accept proxy-voting responsibility. Clients will receive proxy statements directly from the Custodian. Innovative Advisory Partners can assist in answering questions relating to proxies; however, the Client retains the sole responsibility for proxy decisions and voting.

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### **Item 7 – Client Information Provided to Portfolio Managers**

Innovative Advisory Partners is the sponsor and sole portfolio manager for the Program. There is no other portfolio manager where client information can be shared.

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### **Item 8 – Client Contact with Portfolio Managers**

Innovative Advisory Partners is a full-service investment management advisory firm. Clients always have direct access to the Portfolio Managers at the firm.

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### **Item 9 – Additional Information**

The backgrounds, disciplinary information (none) and other financial industry activities and affiliations is available on the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD No. 156135.

Please also see Item 9 of the firm Disclosure Brochure as well as Item 3 of each Investment Advisor Representatives Form ADV 2B Brochure Supplement (included with this Wrap Fee Program Brochure) for additional information on how to research the background information. Innovative Advisory Partners has implemented a Code of Ethics that defines our fiduciary commitment to each Client. The details of the Code of Ethics can be found under Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading in the Disclosure Brochure (included with this Wrap Fee Program Brochure).

Client accounts are monitored on a regular and continuous basis by the Chief Compliance Officer (“CCO”). Details of the review policies and practices are provided in Item 13 of the Form ADV Part 2A – Disclosure Brochure.

Please see Item 14 – Other Compensation in the Form ADV Part 2A – Disclosure Brochure (included with this Wrap Fee Brochure) for details on additional compensation that may be received by the firm or its Investment Advisor Representatives. Each Investment Advisor Representative’s Form ADV 2B Brochure Supplement (also included with this Wrap Fee Brochure) provides details on any outside business activities and the associated compensation.

- Innovative Advisory Partners does not pay a referral fee for the introduction of clients.
- Financial information is available in Item 18 of the Form ADV Part 2A – Disclosure Brochure.

## Privacy Policy

Effective: March 30, 2022

### Our Commitment to You

Innovative Advisory Partners (“the firm”) is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor, as described herein our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. The firm (also referred to as "we", "our" and "us") protects the security and confidentiality of personal information. Additionally, the firm has implemented controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. Innovative Advisory Partners does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below. Details of our approach to privacy and how your personal non-public information is collected and used is outlined in this Policy.

### What you need to know?

Registered Investment Advisors (“RIAs”) must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Driver’s license number	Date of birth
Social security or taxpayer-identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Additional information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal

information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect the Client's personal information. We require third parties that assist in providing our services to you to protect the personal information they receive from us.

**How do we share your information?**

An RIA shares Client personal information to implement its services effectively. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<p><b>Servicing our Clients.</b> We share information with technology vendors and third-party service providers to manage and support operations and regulatory compliance (such as administrators, brokers, custodians, regulators, credit agencies, consultants and other financial institutions) as necessary to provide agreed-upon services, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.</p>	Yes	No
<p><b>Marketing Purposes.</b> The firm does not disclose and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Specific laws may give us the right to share your personal information with financial institutions where you are a customer and where Innovative Advisory Partners or the client has a formal agreement with the financial institution. We will only share information for purposes of servicing your accounts, not for marketing purposes.</p>	No	Not Shared
<p><b>Authorized Users.</b> Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent(s) or representative(s).</p>	Yes	Yes
<p><b>Information About Former Clients.</b> The firm does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties concerning persons who are no longer our Clients.</p>	No	Not Shared

**Changes to our Privacy Policy**

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise this Policy and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

**Any Questions?**

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (423) 870-2140.