



# INVESTMENT PARTNERS LTD

## Item 1 – Cover Page

### Part 2A Appendix 1 Wrap Fee Program Brochure

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Investment Partners, LTD. If you have any questions about the contents of this brochure, please contact us at 330-308-9707 or at [invest@invp.com](mailto:invest@invp.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 Investment Partners, LTD is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view Investment Partners, LTD's information on this website by searching for our name Investment Partners, LTD or our firm CRD number 108913.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual amendment was filed in January 2022, we updated Item 4 to describe our blended-fee schedule approach for Asset Management Services.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We will also provide other ongoing disclosure information about material changes as necessary.

You may request a copy of our current Brochure at any time, without charge, by calling 330-308-9707 or by emailing [invest@invp.com](mailto:invest@invp.com).

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

Investment Partners, LTD is an investment adviser registered with the United States Securities and Exchange Commission. Investment Partners, LTD is a limited liability company formed under the laws of the state of Ohio.

This Wrap Fee Program Brochure is designed to provide detailed and clear information relating to each item noted in the table of contents. Certain disclosures are repeated in one or more items, and/or other items are referred to in an effort to be as comprehensive as possible on the broad subject matters discussed. Within this Wrap Fee Program Brochure, certain terms in either upper-or lowercase are used as follows:

- “INVP”, “Investment Partners”, “Adviser”, “we”, “us”, and “our” refer to Investment Partners, LTD
- “Investment Advisor Representative”, or “IAR”, refers to persons who provide investment recommendations or advice on behalf of Investment Partners, LTD.
- “You”, “yours”, and “client” refer to clients of Investment Partners, LTD.

Commonwealth Equity Services, Inc dba Commonwealth Financial Network (hereinafter “Commonwealth”) of Waltham, Massachusetts, a FINRA-registered broker/dealer and SEC-registered investment adviser will be referenced throughout this brochure.

We offer asset management services through a wrap-fee management program. In our wrap-fee management program, clients may elect to pay expenses under a “traditional” payment option meaning that advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis, or may elect the bundled “wrap-fee” payment option meaning that advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. Our Asset Management Services are considered a wrap-fee program. Whenever a fee is charged to a client for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

We provide investment advisory services other than the Asset Management Services described in this Wrap Fee Program Brochure. A description of all fee-based investment advisory services that we provide is available in the Investment Partners, LTD Form ADV Part 2A Disclosure Brochure.

When making the determination of whether one of the advisory programs available through Investment Partners, LTD is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation.

You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your advisor representative, and you should read this Wrap Fee Disclosure Brochure carefully as it explains, in detail, our Asset Management Services.

## Asset Management Services

We offer asset management services based on each client's individual needs on a continuous and ongoing basis. When providing asset management services, we gather information about your financial history, goals, objectives, and financial concerns. This will help assist us to develop an asset allocation strategy customized to your situation. All information that you provide to use will be kept confidential. You will establish an account and deposit cash, cash equivalents and securities and engage Investment Partners to manage the account. We will then manage your account, on a continuous basis, consistent with your individual investment objectives, risk tolerance, and financial situation.

You must appoint our firm as your investment adviser of record on specified accounts opened through Commonwealth and custodied through National Financial Services, LLC (NFS). Your accounts will be held separately from all other clients by NFS under your name. NFS maintains physical custody of all funds and securities of your accounts, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the accounts.

Our Asset Management Services will include asset allocation, investment policy statements and decisions regarding the purchase of individual securities; including stocks, bonds and mutual funds, if applicable. Accounts are managed by developing either individually customized account holdings or by utilizing one or more models developed by Investment Partners through a comprehensive client interview including a discussion of your stated investment objectives, financial condition, time horizon and risk tolerance. When accounts are managed using one or more of the Investment Partners models, the model shall consist of a portfolio of general mutual fund asset classes.

Each asset allocation model shall consist of an agreed to percentage mix of fixed income and equity mutual fund shares. For each model the fixed income allocation may include mutual funds of the following general types: (a) Money Market; (b) US Government Securities; (c) Foreign or Global Government; (d) US Corporate; (e) Foreign Corporate; (f) Municipals; (g) Diversified; (h) Strategic; or any other present or future fixed income mutual fund. For each model, the equity allocation may include the following general types: (a) Equity Income; (b) Growth and Income; (c) Growth; (d) Aggressive Growth; (e) Global; (f) International; (g) Emerging Markets; (h) Special Situations; or any other present or future equity type mutual fund. Some or all of these general mutual fund types will be used in a given client's portfolio depending on the availability within the client's respective mutual fund families.

Once the basic asset allocation model is determined, assets will be reallocated from the current allocation at any point in time as appropriate. All reallocation decisions are made so as to be consistent with the client's original goals and strategies.

Your specific needs, objectives and requirements are identified prior to implementing any investment decisions. Your goals and objectives are reviewed by an Investment Advisor Representative (IAR) of Investment Partners when known changes in your individual circumstances or market conditions dictate.

You are responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important you understand that we manage investments for other clients and can give them advice or take actions for them or for our personal accounts that is different from the advice we

provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we cannot lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Separate records are maintained for each client and statements are sent at least quarterly. Statements include information relating to the composition of the portfolio, market value, and will include asset allocation information and performance comparisons. Trade confirmations are mailed to you from the account custodian as transactions occur in your account. We are available to meet with you when needed (as determined by us) or at your request to discuss your investment portfolio and to update your financial information if any changes have occurred.

You are advised that transactions in the account, account reallocations and rebalancing can trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **Asset Management Fee Schedule**

Our compensation is based on fees calculated as a percentage of the market value of your account on the last business day of the preceding calendar quarter and is paid in advance for each calendar quarter. Accounts managed for a partial quarter (i.e. accounts established during a calendar quarter or closed during a calendar quarter) will be charged or credited a prorated portion of the advisory fees for that partial calendar quarter. Accounts established during a quarter will be charged an initial advisory fee based on the value of the account at the end of the month following account establishment and prorated for the remaining calendar quarter.

Our advisory fees will be collected directly from your accounts provided that you have provided Commonwealth Equity Services, Inc. dba Commonwealth Financial Network (hereinafter "Commonwealth") of Waltham, Massachusetts, a FINRA-registered broker/dealer and SEC-registered investment adviser with written authorization to withdraw advisory fees directly from your Account. You will be provided with an account statement reflecting the deduction of the advisory fee from your account. If the account does not contain sufficient funds to pay advisory fees, we have limited authority to sell or redeem securities, as necessary, in sufficient amounts to pay advisory fees. The advisory fees are generally deducted from your brokerage account by the end of the following month.

**Fees are negotiable.** Therefore, fees differ from client to client based on factors such as the type and size of the account. For some clients, we will aggregate accounts under management (i.e. those accounts being charged an advisory fee) to determine the fee breakpoint. We consider this a negotiating factor that is not available to all clients. Additionally, advisory fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds. Advisory fees are in accordance with the following maximum fee schedule depending on the type of managed account.

Investment Partners, LTD generally offers two types of fee schedules. A "Fixed Schedule" and "Blended Fee Schedule".

## Fixed Schedule

A Fixed Schedule looks at the account value at the end of the billing period and calculates the fee.

<u>Account Value</u>	<u>Maximum Fee</u>
\$0 to \$250,000	1.80%
\$250,001 to \$500,000	1.60%
\$500,001 to \$1,000,000	1.50%
\$1,000,001 to \$2,000,000	1.10%
\$2,000,001 or more	1.00%

## Blended Schedule

A blended schedule looks at the account value and compares it to a set fee schedule. Based upon the value of the account at the end of the billing period, the fee schedule identifies specific portions of the account value to be charged at different fee rates. The total value of the account is compared against this schedule and based on the account size, the different fee rates are blended to determine the total account fee for that period.

For example, assume the advisor and client negotiate the following breakpoint fee schedule:

Account Value		Maximum Fee
Greater than or equal to	Less than	
0\$	\$250,000	1.50%
\$250,000	\$500,000	1.20%
\$500,000	\$2,000,000	1.00%
\$2,000,000	-	0.75%

In addition to the advisory fees above, you will pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining your account. For the Investment Partners Asset Management Services Program, there are two different options regarding how you will pay costs incurred for the managed account. You will select the option for how account costs will be paid for your account in the Asset Management Services Agreement. You can elect to directly pay execution charges, including transaction ticket fees charged by the account custodian and Commonwealth, which are in addition to and separate from the advisory management fee that the client pays to us. If you elect to directly pay these charges, the transaction ticket fees will be billed directly to you by the account custodian. Alternatively, you can elect to have execution charges, including transaction ticket fees charged by the account custodian, to be included in the total fee for asset management services the client pays to us. By selecting this Wrap Fee Program, you have elected to pay a “bundled” fee to us, which will cover both the account management fee and the transaction ticket fees. If you have elected to pay a bundled fee, then transaction ticket

fees incurred for your managed account will be billed directly to us by the account custodian. You will still be responsible for any account maintenance fees.

A transaction fee applies to all stock trades, and a transaction fee also will apply to the purchase, sale or exchange of certain mutual funds. By selecting the Wrap Fee Program, these transaction fees will be billed directly to us by the account custodian. We do not share in a portion of transaction fees for stock trades. Additionally, all clients will pay their proportionate share of the fund's management and administrative fees as well as the mutual fund adviser's fee of any mutual fund purchase in the managed account. Such fees are not shared with us and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.

You can make additions to your account or withdrawals from your account. No fee adjustments will be made for partial withdrawals from the account, additional deposits to the account, or for account appreciation or depreciation.

Should an error in the execution of a trade be found, we will promptly notify you and make you aware that an error has occurred, and steps are being taken to rectify the situation. In the event the error has been identified as an error that has occurred as a result of the account custodian's activities or our actions, your account will be corrected and any charges for the corrections will be paid by us. Errors created by us in advisory accounts will be corrected in a way that does not harm your accounts. If any trade errors that occur result in a gain, we will not receive the gain or benefit from the corrected error. We will not use soft dollars to correct errors made by us when placing a trade for your account. You will be made whole, or the transaction corrected as soon as possible.

### **Block Trading**

Investment Partners can aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Investment Partners conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. The amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients. It should be noted, Investment Partners does not receive any additional compensation or remuneration as a result of aggregation. Advisory clients purchase funds at net asset value.

### **Suitability and Investment Strategy**

Investment Partners will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an Asset Management account. Clients must contact us to notify of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); trading (securities sold within 30 days); and option writing, including covered options, uncovered options or spread strategies.

### **Termination of Services**

We or you may terminate management services at any time. Services will be terminated without penalty and any fees due will be pro-rated and billed to you. In the event you terminate services, termination shall



be effective from the time we receive written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in process and the final payment of advisory fees. There will be no penalty charged upon termination. In the event we terminate the relationship, the agreement will be terminated upon notice to you with any verbal notice confirmed by a written termination notice or such time as may be mutually agreed upon, also subject to the settlement of transactions in progress and the final payment of advisory fees.

### **Additional Compensation**

In addition to the charges noted above, you incur certain charges imposed by Commonwealth, or by third parties other than Commonwealth or us, in connection with certain investments, transactions, and services in your account.

In many cases, Commonwealth will receive a portion of these fees and charges or add a markup to the charges you would otherwise pay to generate additional revenue for Commonwealth. The actual fees and charges that you will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, sub-transfer agent fees, and distributor fees
- Mutual fund and money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges required by law
- Brokerage account fees and charges

We will not select share classes of mutual funds that pay Commonwealth or us 12b-1, sub-transfer agent, distributor, transaction, and/or revenue-sharing fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay Commonwealth or Investment Partners additional fees. As a matter of policy, Commonwealth and our firm credit the mutual fund 12b-1 fees it receives from mutual funds purchased or held in managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a particular fund is not always offered or made available through Commonwealth or available for accounts with specific registration types of accounts. Although our policy is to select the lowest share class available through Commonwealth, clients should never assume that they will be invested in the share class with the absolute lowest possible expense ratio or cost.

We urge you to discuss with your investment advisor representative whether lower-cost share classes are available in your particular program account. We encourage you to also ask your investment advisor representative (IAR) why the particular funds or other investments that will be purchased or held in your managed account are appropriate for you in consideration of your expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether you will pay transaction charges for fund purchases and sales, whether you will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your IAR will not recommend, select, or continue to

hold a fund share class that charges you higher internal expenses than other available share classes for the same fund. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

The purchase or sale of transaction-fee (“TF”) funds available for investment through Commonwealth will result in the assessment of transaction charges to Investment Partners or Commonwealth. Although no-transaction-fee (“NTF”) funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost Commonwealth or Investment Partners less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

In addition to reading this Brochure carefully, we urge you to inquire whether lower-cost share classes are available and/or appropriate for your account in consideration of your expected investment holding periods, amounts invested, and anticipated trading frequency. Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

In addition to receiving asset-based fees in their capacity as an investment adviser representative or solicitor, Commonwealth IARs receive reimbursements or marketing allowances for marketing expenses and business development costs incurred by them. In addition, IARs receive invitations to conferences and meetings that are sponsored by third-party firms that offer managed account or advisory programs or services to them. Portfolio strategists, investment managers, and product manufacturers typically contribute to the cost of the conferences and meetings, are identified as a sponsor of the conference or meeting, and often have the opportunity to promote their products, programs, and services directly to the IAR. Additionally, the IAR’s travel-related costs and expenses, meals, and entertainment are usually paid for or subsidized by the firms. These payments to Investment Partners’ IAR present a conflict of interest because they provide a financial incentive for IARs to recommend clients use or recommend a particular managed account program or advisory service that offers these payments and opportunities to the IAR over other managed account or advisory programs that do not offer such payments or opportunities to the IAR.

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

### **Opening an Account**

To open an Asset Management Services account, a services agreement between you and Investment Partners, LTD must be executed setting forth the terms and conditions, including the amount of investment advisory fees, under which we will manage your assets. In addition, you will be required to establish a brokerage account through the Commonwealth Financial Network platform, or institutional clients who have designated an alternative custodian will be required to enter a separate custodial/clearing agreement with the alternative custodian.

### **Minimum Account Size**

All clients are required to execute an agreement for services in order to establish a client arrangement with Investment Partners. We do not require a minimum investment amount or account size for participation in its advisory service programs.

### **Types of Accounts**

Investment Partners generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit-sharing plans
- Trusts, estates, or charitable organizations

- Corporations or business entities other than those listed above

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

Investment Partners and its Investment Adviser Representatives act as the portfolio manager(s) for accounts receiving Asset Management Services. Our Asset Management Services is considered a wrap-fee program. For our Asset Management Services, we do not allow the use of portfolio managers that are not associated with Investment Partners. In other words, the only portfolio managers selected for managing client assets in the Asset Management Services Program are Investment Adviser Representatives of Investment Partners. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in the Investment Partners Asset Management Services Program. Because our Asset Management Services Program does not provide for outside portfolio managers, Investment Partners does not have procedures designed to select outside portfolio managers. Many of the disclosures required by the Item 6 Wrap Fee Program Brochure instructions do not apply to Investment Partners. The disclosures that do apply are answered below.

### **Participation in Wrap Fee Programs**

We offer asset management services through the Asset Management Services Program, which is a wrap-fee management program. In our wrap-fee management program, you elect to pay expenses under a “traditional” payment option. This means that advisory services are provided for a fee, but transaction services are billed separately on a per-transaction basis. In our wrap-fee management program, you elect the bundled “wrap-fee” payment option. This means that advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. Our Asset Management Services are considered a wrap-fee program. Whenever a fee is charged to you for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage accounts that have elected the traditional payment option versus those that have elected the bundled wrap-fee payment option. The only significant difference is the way in which transaction costs are paid.

When we pay the qualified custodian on a per transaction basis for a Wrap Account, we have a conflict of interest when recommending a client select a Wrap Account because, in a Wrap Account arrangement, our net compensation will decrease with each execution fee that we pay on behalf of the client. As a result, we have a financial incentive to recommend the client execute fewer transactions in a Wrap Account or to recommend a Wrap account if such recommendation would increase our net compensation.

In order to mitigate this conflict of interest, the investment adviser representative assigned to the client will (i) provide investment advice regarding a selection or change in account type in accordance with the adviser’s fiduciary duty, (ii) not recommend investments which result in our firm or any supervised person of our firm receiving unreasonable compensation related to establishing Wrap account over a Non-Wrap account or switching account type from a Wrap account to Non-Wrap account or vice versa, and (iii) fully disclose compensation received by our firm and its supervised persons and any material conflicts of interest related to the investment adviser representative recommending the establishment of Wrap account or Non-Wrap account or a switch from Wrap account to Non-Wrap account or vice versa. Our firm and our representatives will refrain from making any materially misleading statements regarding the advantages or disadvantages of such account types or a switch in account types.

When an investment adviser representative provides investment advice to a client regarding whether to maintain investments in Wrap account over a Non-Wrap account, the investment adviser representative will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial

circumstances, and a client's needs, without regard to the financial or other interests of investment adviser representative, our firm or our affiliates.

The investment adviser representative assigned to the client is responsible for analyzing whether to recommend that client establish a Wrap account over a Non-Wrap account or a switch from an existing Wrap account to Non-Wrap account or vice versa. When analyzing whether to recommend a Wrap account, the investment adviser representative will consider various factors including those laid out in our *Wrap vs. Non-Wrap Account – Client Acknowledgement Form*, the importance of which will depend on the client's individual needs and circumstances.

A Wrap Account is generally not in the best interest of a client if it is more expensive than a Non-Wrap Account alternative. However, cost is not always determinative. If the Wrap Account is expected to be more expensive than a Non-Wrap Account but the client still prefers it, the investment adviser representative must indicate compelling, non-monetary reasons the client prefers the Wrap Account. In all cases, the investment adviser representative must document why he or she thinks the Wrap Account is in the client's best interest.

### **General Description of Other Advisory Services**

In addition to the Asset Management Service, Investment Partners provides Planning Services. A detailed description of these other advisory services is provided in the Investment Partners Form ADV Part 2A Disclosure Brochure, which is available to wrap fee clients upon request.

### **Program Choice Conflicts of Interest**

You should be aware that the compensation to Commonwealth Equity Services, Inc. dba Commonwealth Financial Network (hereinafter "Commonwealth") of Waltham, Massachusetts, a FINRA-registered broker/dealer and SEC-registered investment adviser and us will differ according to the specific advisory programs or services provided. This compensation to Commonwealth and us is more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, or other relevant services separately. Lower fees for comparable services are available from other sources. Because of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services offered by Commonwealth and us, we have a financial incentive to recommend a particular program or service over other programs or services available through Commonwealth that would cost you less money.

We have taken steps to manage our conflict of interest arising from this program fee variation for current clients, whereby we and our investment adviser representatives will provide investment advice without regard to the fee payable to us for such advice and without any aim of increasing our compensation at the expense of your interest.

We have instituted procedures designed to recommend investment programs based upon the suitability and best interest standards of your investment interests.

Commonwealth charges us an administrative fee at the same time you are charged asset-based fees. The administrative fee is charged to and paid by us rather than yourself and is calculated as a percentage of the total account assets, including cash and money market positions, held by our clients. The administrative fee covers Commonwealth's maintenance costs associated with performance reporting, account reconciliation, auditing, and quarterly statements. In the same manner as many advisors offer asset management fee discounts to their larger clients, Commonwealth offers us administrative fee discounts based on our total AUM. As we grow our fee-based business, Commonwealth's economies of scale are shared with us by reducing the percentage amount of administrative fees that would otherwise be charged to us. We are offered discounts on the administrative fee when we reach specified asset levels. As the amount of our client assets in fee-based accounts grows above certain levels, we receive larger percentage

discounts to the administrative fees than we would otherwise receive with fewer assets in fee-based accounts.

These discounts in administrative fees and higher payouts for reaching various fee-based AUM levels present a conflict of interest because they provide a financial incentive for us to recommend fee-based accounts over other available accounts that do not offer such discounts or higher payouts to us.

#### Retirement Plan Rollover Recommendations

When we provide investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to a IRA or make a distribution from the retirement plan account, we acknowledge that Investment Partners is a "fiduciary" within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC") as applicable, which are laws governing retirement accounts. The way we make money creates conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of you.

Under this special rule's provisions, we must as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

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

To the extent we recommend you roll over your account from a current retirement plan account to an individual retirement account managed by Investment Partners, please know that we have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by Investment Partners. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by Investment Partners.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by my firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Investment Partners receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Investment Partners and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to a retirement plan account or IRA, we will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar

with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of Investment Partners and our personnel.

### **Advice to Certain Types of Investments**

We provide investment advice on the following types of investments:

- Exchange Traded Funds (ETFs)
- Mutual Funds
- Individual Equities (e.g. individual stock positions) such as exchange-listed securities
- Individual Fixed Income Positions (e.g. bonds)
- Certificates of Deposit

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We can also modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

### **Tailor Advisory Services to Individual Needs of Clients**

Investment Partners' services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

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

We **do not charge or accept performance-based fees**. Performance based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Methods of Analysis**

As a firm, Investment Partners does not favor any specific method of analysis over another, and therefore, would not be considered to have one approach deemed to be a "significant strategy". There are, however, a few common approaches that may be used by Investment Partners or your investment advisor representative, individually or collectively, in the course of providing advice. It is important to note that there is no investment strategy that will guarantee a profit or prevent loss. Following are some common strategies employed by Investment Partners and our IARs in the management of client accounts or in formulating investment advice:

Charting. This is a method used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these charting techniques believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental. This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical. This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

Cyclical. This is a method of analyzing the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If

done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Dollar-Cost Averaging (“DCA”). The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount in a single investment at a higher price. DCA strategies do not prevent against loss in declining markets.

Asset Allocation. An investment strategy that aims to balance risk and rewards by allocating assets among a variety of asset classes. At a high level, there are three main asset classes – equities (stocks), fixed income (bonds), and cash/cash equivalents – each of which has different risk and reward profiles/behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, immediate, and large capitalization. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, IARs seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss.

### **Investment Strategies**

Investment Partners uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Trading. Investments sold within 30 days.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.



- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk –** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk –** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Voting Client Securities**

Clients are advised that Investment Partners does not vote proxies on clients' behalf or take responsibility in any way to ensure client's securities are voted. Clients retain the responsibility for voting their own proxies.

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

Because only Investment Adviser Representatives of our firm serve as portfolio managers for the Asset Management Services Program, the Investment Adviser Representatives are responsible for gathering all information provided by clients. Your Investment Adviser Representative(s) will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through the Asset Management Services Program. You are responsible for promptly contacting your Investment Adviser Representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. Since we do not use any outside portfolio managers, we do not share client information with any outside portfolio managers.

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

Because only Investment Adviser Representatives of our firm serve as portfolio managers for the Asset Management Services Program, there are no restrictions placed on your ability to contact and consult with your portfolio managers. It is the policy of our firm to provide for open communications between the Investment Adviser Representatives and our clients. You are encouraged to contact your Investment Adviser Representative whenever you have questions about the management of your account(s).

## Item 9 - Additional Information

### Disciplinary Information

Investment Partners is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Investment Partners or the integrity of Investment Partners' management.

On September 30, 2019, the U.S. Securities and Exchange Commission ("SEC") accepted an Offer of Settlement submitted by Investment Partners, LTD. ("Investment Partners") in connection with the SEC's Share Class Selection Disclosure Initiative ("SCSD Initiative"). In accordance with the SCSD Initiative, Investment Partners self-reported a disclosure issue relating to mutual fund share classes that paid 12b-1 fees. During the period from January 1, 2014 through July 1, 2017, Investment Partners purchased, recommended, or held in some advisory accounts mutual fund share classes that charged 12b-1 fees when a lower-cost share class of the same fund was available.

The SEC Order Instituting Administrative and Cease-and-Desist Proceedings found that Investment Partners failed to properly disclose conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that paid such fees during the period January 1, 2014 through July 1, 2017.

Without admitting or denying the findings, Investment Partners consented to a cease and desist, censure, and disgorgement of \$39,418.90 and prejudgment interest of \$3,965.91. A copy of the Order is available at <https://www.sec.gov/litigation/admin/2019/ia-5394.pdf>.

### Other Financial Industry Activities and Affiliations

Investment Partners is **not** and does **not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

### Other Business Activities

Most IARs have obtained securities licenses and are Registered Representatives and Investment Advisory Representatives of Commonwealth Financial Network, an SEC investment adviser and registered Broker/Dealer, member FINRA and SIPC. As such, they spend approximately 25 % of their time offering securities products on a commission or fee basis with Commonwealth. Several of our IARs are also licensed insurance agents and offer various insurance products for which they will be paid a commission. IARs that are also insurance licensed spend no more than 5% of their time offering insurance products. The remainder of the time is spent acting in the capacity of an IAR for Investment Partners.

IARs may be licensed with various insurance companies as life, health and accident insurance brokers with all the appropriate state Departments of Insurance and will receive customary commissions on insurance products sold. In such instances, there is no advisory fee associated with these insurance products.

In addition to our IARs that are also Registered Representatives of Commonwealth, some are also Investment Advisory Representatives of Commonwealth. Clients are under no obligation to purchase or sell securities through our IARs in their affiliation with Commonwealth. However, if they choose to

implement the plan with an IAR in his or her separate capacity as a Commonwealth registered representative through a standard, commission-based brokerage account, commissions will be earned. Commissions are in addition to and separate to from any fees paid for advisory services detailed in Item 4 of this brochure. Commissions may be higher or lower at Commonwealth than at other Broker/Dealers. IARs have a conflict of interest in having clients purchase securities and/or insurance related products through Commonwealth in that the higher their production with Commonwealth the greater potential for obtaining a higher pay-out on commissions earned. Further, IARs will be restricted to only offering those products and services that have been reviewed and approved for offering to the public through Commonwealth. Commonwealth is a FINRA-registered broker/dealer, and is also licensed as a broker/dealer with the states in which Commonwealth's or its representatives offer securities to clients. Commonwealth's Registered Representatives will act as the advisory client's representative in the execution of securities transactions on a normal and customary basis. The applicable provisions of Section 206 of the Investment Adviser's Act of 1940 are strictly complied with in the execution of each transaction.

IARs, in their dual capacity, will offer clients the services of Commonwealth, an investment advisory firm registered with the US Securities and Exchange Commission. In return, IARs will share in a portion of the advisory fees. Clients shall receive the appropriate adviser's Form ADV Part 2A or equivalent brochure.

#### **Other Related Companies**

In addition to its registration as an investment adviser and as a broker dealer under the same name as Commonwealth Financial Network, Commonwealth has a related company that is licensed as an insurance agency under the name CES Insurance Agency. Several Commonwealth management persons, and all of Investment Partners investment advisory representatives, who are licensed insurance agents are licensed insurance agents of CES Insurance Agency.

#### **Relationship with Rea Financial Services; Relationship with Unaffiliated Broker-Dealer**

Investment Partners, LTD has formed a strategic and financial partnership with Rea Financial Services, LTD a wholly owned subsidiary of Rea & Associates, Inc. Through this partnership, you may choose to have your Pension, Profit Sharing and other Qualified Plan accounts administered by Rea. Fees for Pension Administration are billed separately by Rea and do not impact the costs or charges of your investment management by Investment Partners, LTD. Additionally, representatives of both Rea and Investment Partners, LTD refer clients to each other on an ongoing basis. All fees are billed separately by the company providing the service. Rea Financial Services, LTD is a 100% owner of Investment Partners, LTD, and as such shares in the net profits of Investment Partners, LTD. Under no circumstances do the professionals employed by Rea Financial Services, LTD provide investment advisory services to clients.

This creates a conflict of interest because Rea & Associates, Inc. provides third-party administrator services to their clients and recommends Investment Partners, LTD for our services. This recommendation from Rea & Associates, Inc to utilize Investment Partners, LTD's services is based, at least partially, on our affiliation with their firm. We do not receive any compensation from Rea & Associates, Inc. for recommending clients to Rea & Associates, Inc. for their services. Consistent with our fiduciary duty to clients, we attempt to control for this conflict of interest by fully informing you of our affiliation with Rea & Associates, Inc.

#### **Interest in Client Transactions and Code of Ethics**

Some IARs are also Registered Representatives with Commonwealth and, as such, must execute securities transactions through Commonwealth, unless the IAR obtains authorization from Commonwealth to execute securities transactions through another Broker/Dealer. In such instances, the IAR will receive

normal and customary commissions for such transactions. The possible receipt of said commissions and the possibility of any conflict of interest are fully disclosed in advance.

IARs can buy or sell securities identical to those securities recommended to you. Therefore, IARs may have an interest or position in certain securities that are also recommended and bought or sold to you. Any such securities transactions are likely to be insignificant in relation to the market as a whole. As a practice the transactions, if any, are executed after related client transactions have been executed; however, Investment Partners can aggregate proprietary, affiliated or related accounts with those of clients. IARs will not put their interests before your interests and will not trade ahead of you or trade in such a way to obtain a better price for themselves than for you. However, in all cases, full disclosure is provided to you. We are required to maintain a list of all securities holdings for our associated persons. Further, IARs are prohibited from trading on non-public information or sharing such information. You have the right to decline any investment recommendation. Investment Partners and our IARs are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **Code of Ethics**

Investment Partners has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. We take our compliance and regulatory obligations seriously and require all staff to comply with such rules and regulations as well as our policies and procedures. Further, we strive to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provide you with Investment Partners' Privacy Policy. As such, we maintain a code of ethics for our investment advisory representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with applicable securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Investment Partners' Code of Ethics establishes our expectations for business conduct. A copy of our Code of Ethics is available and will be provided to any client or prospective client upon request by contacting us at 330-308-9707 or at [invest@invp.com](mailto:invest@invp.com).

### **Account Reviews**

All asset management client accounts are reviewed by an Investment Advisor Representative (IAR) of the firm on a quarterly basis, or when changes in your circumstances or market conditions warrant. Securities held in managed accounts are continuously reviewed. We do not have specific limitations on the number of accounts assigned to each Investment Advisor Representative. Financial plans are prepared for clients who have retained Investment Partners, LTD's services for this purpose. Upon completion of the plan, we will meet with you to review the plan and answer any questions about the contents of the plan. There are no different levels of review for financial plans. After this consultation at the time the plan is delivered and reviewed with you, there are no further reviews unless you request additional meetings.

### **Account Statements and Reports**

All asset management client accounts receive statements at least quarterly from the account custodian. Trade confirmations are mailed from the custodian to you as transactions occur in their account. Quarterly statements include information relating to the composition of the portfolio, market value, and may include asset allocation information, gain and loss information and performance comparisons. In addition to the statements received from the custodian, all asset management clients receive quarterly performance reports from Investment Partners, LTD. You should carefully compare reports received from Investment Partners, LTD against the statements received from the account custodian and should immediately report any discrepancies to Investment Partners, LTD and/or the custodian.

### **Client Referrals**

Investment Partners does not have any arrangements under which it compensates any individual for client referrals.

### **Other Compensation – Expense Reimbursement**

Many of the companies that provide our IARs with access to their products and programs provide them with opportunities to receive additional compensation in the form of marketing and business reimbursements, compensation for client referrals, business development support, payment for travel-related costs and expenses for attending business meetings and conferences, and various forms of gifts and entertainment. Information regarding the compensation paid to IARs in relation to the products or programs you purchase or use, and their associated conflicts, is generally disclosed in the respective product prospectuses, statements of additional information, product offering documents, client agreements, advisory program brochures, and Commonwealth's Form ADV Part 2A brochure.

Commonwealth offers our IARs one or more forms of financial benefits based on the IAR's gross revenue production and total assets under management held at Commonwealth as well as financial assistance for transitioning from another firm to Commonwealth. IARs have the opportunity to receive forgivable or unforgivable loans, enhanced payouts, and discounts, waivers, or credits on transaction, platform, and account fees; technology fees; research package fees, financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the costs of attending conferences and events. IARs also has the opportunity to receive awards and attend certain paid Commonwealth "top producer" trips and entertainment based upon their total gross revenue production with Commonwealth. These enhanced payouts, discounts, trips, entertainment, and other forms of compensation that IARs have the opportunity to receive from Commonwealth provide a financial incentive for them to select Commonwealth as broker/dealer for your accounts.

### **Brokerage, Clearing and Custody**

IARs also serve as Registered Representatives of Commonwealth Financial Network, a registered broker/dealer, member FINRA and SIPC. They will have limited access to certain product sponsors where selling agreements have been executed by Commonwealth.

IARs who are Registered Representatives of Commonwealth are subject to FINRA Conduct Rule 3040 which can restrict such registered individuals from conducting securities transactions away from Commonwealth unless Commonwealth provides the IAR with written authorization. Therefore, clients are advised that the IAR may be limited to conducting securities transactions through Commonwealth and its clearing firm, National Financial Services LLC.

IARs will suggest you use Commonwealth as the Broker/Dealer for executing securities transactions. You are not obligated to use Commonwealth as the Broker/Dealer and are free to use the Broker/Dealer of your choice; however, if you wish to implement the plan or advice through the IAR, then you may only use Commonwealth to do so.

Client transactions will be charged according to Commonwealth's then-current commission schedule and you may pay higher commission rates and other fees than otherwise available. You will be assessed transaction fees charged by custodians and/or product sponsors, in addition to normal and customary commissions, all of which are fully disclosed to the client. These fees and expenses are separate and distinct from any fee(s) charged by our firm.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total assets under management and administration held at Commonwealth or financial assistance for advisory representatives transitioning from another firm to Commonwealth. The types of financial benefits that our advisory representatives receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives receive from Commonwealth are a conflict of interest, and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

Commonwealth uses National Financial Services LLC ("NFS") as its clearing and custody firm for substantially all of Investment Partners' managed accounts. Commonwealth's business relationship with NFS provides Commonwealth considerable revenue-sharing benefits. In particular, Commonwealth receives substantial monthly revenue-sharing payments from NFS based on client assets held by Commonwealth with NFS in Fidelity Money Market Sweep Fund balances, non-Fidelity NTF funds that participate in Fidelity's NTF program, and non-Fidelity TF funds that participate in Fidelity's TF program.

Commonwealth's revenue-sharing agreement with NFS, and the existence of various fund share classes with lower internal expenses that Commonwealth may not make available for purchase in its managed account programs, present a conflict of interest between clients and Commonwealth or Investment Partners. A conflict of interest exists because Commonwealth and Investment Partners have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to Commonwealth that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to Commonwealth or Investment Partners, a conflict of interest exists because Commonwealth and Investment Partners have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

### **Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year with this Brochure Appendix. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

# PRIVACY POLICY OF INVESTMENT PARTNERS LTD

## **How and Why We Obtain Information**

Investment Partners LTD collects information about you to help us serve your financial needs, provide customer service, offer new products or services, and fulfill legal and regulatory requirements. Any collection of personal information is to support our normal business operations and service your account.

Some of the nonpublic personal, financial, and health information Investment Partners LTD collects comes from you. The source and the information collected may include:

- ◆ Information on applications and related forms, such as name, address, Social Security number, assets and income, and medical information if applying for insurance;
- ◆ Information regarding your transactions with us, such as services purchased, account balances, and payment history;
- ◆ Information from consumer reporting agencies, such as credit relationships;
- ◆ Information from your employer, association, or benefit plan sponsor, such as name address, Social Security number, assets, and income.

## ***Sharing Information***

Investment Partners LTD does not disclose nonpublic personal information about you to anyone. However, in the course of servicing your account, we may share information collected about our customers, as previously described above, with other unaffiliated service providers such as insurance companies, mutual fund companies, broker/dealers or investment firms to provide account maintenance or customer service to your account. We may also disclose your information to other organizations as permitted by law such as government agencies and law enforcement officials (for example, for tax reporting or under court order), or to other organizations and individuals with your consent (for example, to an attorney or tax professional).

## ***Protecting your Information***

Investment Partners LTD maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information to ensure that we are complying with our own policy, industry practices, and federal or state regulations. If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

Investment Partners LTD reserves the right to change this Privacy Policy at any time, without notice, and will notify customers of any modifications on an annual basis.