

**iH2 Advisors & Company**  
**CRD # 325788**

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**April 1, 2026**

**FORM ADV PART 2A**  
**BROCHURE**

This brochure provides information about the qualifications and business practices of iH2 Advisors & Company. If you have any questions about the contents of this brochure, contact us at 302-345-6404 or [stephen@ih-2.com](mailto:stephen@ih-2.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 iH2 Advisors & Company is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

iH2 Advisors & Company 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 Summary of Material Changes

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

Since the filing of our last annual updating amendment, dated March 31, 2025, the following material changes to our ADV have been made:

- iH2 now offers Unified Managed Accounts ("UMAs") whereby we provide access to a curated menu of non-affiliated investment advisors, along with tools that enable the construction of asset allocation portfolios utilizing multiple investment strategies within a single UMA structure. Please refer to Items 4, 5 and 12 for appropriate updates.
- In addition, iH2 now offers Investment Overlay Management Services. Please see Items 4 and 5 for additional details.
- We have updated Item 4 to provide further information on our Institutional Services offering. We have also included fees for this service in Item 5.
- Further description has been added to Item 12 to explain the process when aggregating trades and how partial fills are handled.
- We have added language to Item 16 to describe our discretionary authority for UMAs.
- We have amended Item 19 as we are now an SEC registered investment advisor and are not required to provide information in this section.

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## Item 4 Advisory Business

### Description of Firm

iH2 Advisors & Company "iH2" is a registered investment adviser based in Wilmington, Delaware. The firm is organized as a corporation under the laws of the State of Delaware. The firm began conducting business in May 2023 and is a registered investment advisors with the U.S. Securities and Exchange Commission ("SEC"). The firm is a wholly owned subsidiary of inCadense Corp., a company owned by Stephen Hagan, Anthony J. Harper and its board of advisors.

The following paragraphs describe the services and fees. Refer to the description of each investment advisory service listed below for information on tailoring the advisory services to the needs of clients.

For purposes of this Brochure, the term "Client" is defined based on the nature of the services provided. In connection with platform and consulting services, "Client" refers to financial institutions that engages iH2. In connection with overlay, implementation, or discretionary services, "Client" may also include the account owner for whom such services are provided. Where the iH2 does not have a direct advisory agreement with the account owner, such party is referred to as an "Underlying Client." The scope of the iH2's responsibilities varies accordingly and is defined by the applicable agreement and service arrangement.

### Advisory Platform Services

iH2 offers advisory services to Clients, as defined above. These clients gain access to the iH2 investment management platform, known as the "Platform", upon entering into an agreement with iH2. The platform delivers various services, including technology support, administrative assistance, operational support, and advisory services, enabling Clients to manage their Underlying Client's portfolios. On the Platform, Clients can access a diverse range of investment options, such as ETFs, mutual funds and services from independent third-party investment advisors ("Model Provider").

Clients have the flexibility to allocate their Underlying Clients' assets among the available investment options on the Platform, either in part or in whole. iH2 assumes the role of a discretionary Overlay Manager, facilitating portfolio allocations on behalf of Clients using the Platform. The process begins with the Client entering into an agreement with iH2 to access the Platform for their Underlying Clients. To establish an Underlying Client's account on the Platform, both the Client and the Underlying Client in question will enter into an advisory agreement. Typically, the Underlying Client completes a questionnaire or provides information to the Client, helping determine the risk tolerance and desired rate of return. Additionally, the Underlying Client shares details about their investment experience, expected liquidity needs and other investment preferences and constraints. This information assists the Enterprise Client in selecting the most suitable investment options aligned with the Underlying Client's objectives. Throughout the Underlying Client's tenure on the Platform, the Client remains responsible for monitoring the Risk/Return Profiles and recommending any necessary adjustments to their Underlying Clients' portfolios.

The agreed-upon asset allocation is implemented through various approaches, including:

- Exchange Traded Funds
- Mutual Funds
- Separately Managed Accounts
- Unified Managed Accounts

iH2 handles both the initial and ongoing implementation of these accounts, following the directives of Clients. Many of the investment advisors deployed by iH2 utilize third-party Models (collectively referred to as the "Models"). In this arrangement, the investment advisors acts as a Model Provider, as

defined above, constructing and selecting underlying investments for each strategy on a non-discretionary basis. iH2 representing the Client, serves as an Overlay Manager, placing orders, periodically updating and rebalancing each Model in accordance with the Model Provider's instructions and established rules. It is important to note that security selection is determined by the Model Provider, and iH2 may choose to replace or hire new Model Providers, making no guarantees regarding the continued availability of any specific Model.

Based on the unique needs of the Clients, iH2 seeks and makes available a combination of ETFs, mutual funds, and independently managed accounts. Separately managed accounts are portfolios of individually owned securities customized to fit the client's investing preferences.

#### *Unified Managed Account ("UMA") Platform Services*

The Firm provides Unified Managed Account ("UMA") platform services to Enterprise Clients. Please note that iH2 does not provide this service directly to retail investors. Instead, we offer Clients access to a curated platform of Model Providers, along with tools that enable Clients to construct blended portfolios utilizing one or more Model Providers within a single UMA account structure.

A UMA is a discretionary investment program through which Underlying Client assets are managed within a single custodial account that may incorporate multiple investment strategies and asset classes. Within a UMA structure, an Underlying Client's portfolio may include a combination of separately managed account strategies, model portfolios, exchange-traded funds ("ETFs") and mutual funds, iH2 coordinates portfolio construction, trading, and rebalancing across these strategies so that the account is managed as a single integrated portfolio consistent with the Underlying Client's investment objectives, risk tolerance, and investment guidelines. In a UMA program, third-party investment advisors may be responsible for providing model portfolios or strategy recommendations for a portion of the assets allocated to them. iH2 retains overall responsibility for implementing the portfolio within the Underlying Client's account, including allocating assets among strategies, coordinating trades, managing cash flows, and overseeing rebalancing activities. Underlying Clients typically retain direct ownership of the underlying securities held in the account. UMA programs are generally implemented on a discretionary basis and are subject to the Client's fiduciary obligations under the Investment Advisers Act of 1940. The Client conducts due diligence and ongoing monitoring of third-party advisors included within the program and may add, remove, or replace strategies consistent with the Underlying Client's investment mandate and the Client's investment process.

Clients choosing to utilize the iH2's UMA offering retain responsibility for determining the suitability of the UMA program for their own Underlying Clients. Once engaged, iH2 works with the Client to design or support the creation of model portfolios composed of selected Model Providers available on the platform.

Clients utilizing iH2's UMA platform will enter into an advisory or platform services agreement with us and may also be required to execute separate agreements with the custodian. Available Model Providers, account minimums, features, and fees vary by program and Client configuration.

#### *Model Provider Selection*

Based on our Clients' needs we will seek out and make available a number of Model Providers on the Platform to manage all, or a portion of, your Underlying Clients' investments. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: the Model Provider's performance, methods of analysis, fees, your Underlying Clients' financial objectives, investment goals, and risk tolerance. We will monitor each Model Providers' performance to ensure its management and investment style remains aligned with your Underlying Clients' investment goals and objectives. We will also undertake ongoing due diligence of each Model Provider to ensure that they

remain the best fit for your Underlying Clients' needs. Each selected Model Provider will sign an agreement with iH2 for inclusion on the Platform, which includes access to the Platform offered by inCadense.

Certain Model Providers on the Platform pay iH2 an operational cost reimbursement fee. This fee is intended to reimburse iH2 for administrative, operational, and implementation services provided in connection with supporting such model portfolios, including, but not limited to, model onboarding, ongoing model maintenance, rebalancing activities, and trade implementation within Underlying Client accounts. These payments are structured as a reimbursement of costs incurred by iH2 in providing these Platform services. In the absence of these arrangements, such costs would otherwise be borne by the Model Provider if they were to perform these functions internally.

### **Investment Overlay Management Services**

iH2 also provides overlay services in connection with model-based and multi-manager portfolio implementations. These services are designed to facilitate efficient execution, ongoing management, and operational oversight of Underlying Client portfolios in accordance with prescribed investment models, guidelines, and underlying client-specific constraints.

As part of the overlay service, iH2 implements investment models provided by third-party Model Providers or those developed internally by iH2. This includes translating model portfolios into Underlying Client accounts, generating and executing trades, and coordinating rebalancing activities. Where authorized, by Client iH2 exercises investment discretion with respect to the timing, sequencing, and execution of trades, management of cash flows (including contributions and withdrawals), and the handling of corporate actions and other portfolio events. Such discretion is limited to implementation of the model portfolio and does not extend to independent security selection except as necessary to facilitate execution or address operational considerations.

iH2 provides ongoing monitoring and maintenance of Underlying Client portfolios to support alignment with model allocations, Underlying Client-imposed restrictions, and applicable regulatory or operational requirements. In performing these services, iH2 makes limited adjustments to portfolios to address implementation considerations such as liquidity constraints, minimum trade sizes, market conditions, tax considerations, account size, or other account-specific factors. As a result, Underlying Client accounts can deviate from the target model, and performance may differ from that of the model portfolio due to these and other factors, including timing differences and transaction costs. In implementing overlay services, iH2 seeks best execution, which considers a range of factors including price, liquidity, execution speed, market impact, and counterparty selection. iH2 may utilize one or more broker-dealers, custodians, or trading platforms, including affiliated and unaffiliated entities, in executing transactions.

iH2 relies on model portfolios, data, and instructions provided by Clients or internally developed models. For the third-party models, iH2 is not responsible for the underlying investment decisions or model construction and does not independently verify the accuracy or completeness of such information.

Underlying Clients should understand that overlay services are primarily implementation-focused. The underlying investment strategy, including security selection and model construction, is generally the responsibility of the designated Model Provider, unless otherwise agreed or if it's a model developed and maintained by iH2.

## **Institutional Services**

iH2 also provides separate non-discretionary investment advisory and consulting services to Clients and Model Portfolio providers. These services are analytical and consultative in nature and are designed to support Clients in making informed investment decisions; however, the Client retains full discretion and responsibility for all investment decisions, including portfolio construction, implementation, monitoring, and ongoing management.

iH2's services include periodic portfolio reviews, incorporating independent analysis of model portfolios, security selection, portfolio construction, training/education, investment searches, and positioning. iH2 performs comparative assessments across portfolios, benchmarks, and peer groups; evaluates portfolio turnover; and assesses investment effectiveness in the context of market conditions and economic factors. iH2 also provides performance measurement and attribution analysis, including evaluation of returns relative to benchmarks and peers, and analysis of key drivers of performance such as asset allocation, sector exposure, security selection, risk-adjusted returns, and style consistency. Attribution analysis may be conducted on a recurring basis using portfolio data provided by the Client.

In addition, iH2 monitors peer strategies and market developments and provides proprietary research, market insights, and investment outlooks to support Client decision-making. iH2 also assists Clients with investment policy development, including the review and preparation of investment objectives, guidelines, and benchmarks; provide asset allocation analysis and recommendations; support investment manager, mutual fund, and exchange-traded fund ("ETF") selection and ongoing monitoring; and deliver training and educational support as requested.

iH2 does not have discretionary authority over Underlying Client assets, does not execute transactions, and does not have authority to bind Underlying Clients to any investment decision. All investment decisions, including the selection, purchase, and sale of securities, are made solely by the Client. The scope of services may include additional consulting or advisory support as mutually agreed with the client.

## **Assets Under Management**

As of December 31, 2025, iH2 provided continuous management services for \$265,318,418 in Client assets on a non-discretionary basis which is represented by 4 clients and 21 accounts.

## **Item 5 Fees and Compensation**

### **Advisory Platform Services**

The fee is paid based on a percentage of the aggregate assets the Clients are managing through the Platform. The fee schedule follows:

#### **Annual Fee Schedule**

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
Up to \$250,000,000	0.15% - 0.25%
Above \$250,000,000	0.10% - 0.15%

At the Company's sole discretion, the above fees can be negotiated based upon the projected/actual market value of your assets under management, the type and complexity of the asset management services requested, as well as the level of administration requested either directly or assumed by the Client.

As noted in Item 4, the Company may charge or collect fees from Model Providers, per the agreement between iH2 and each Model Provider. iH2 uses the fee to defray operational costs associated with the Platform.

In addition, depending on the complexity of the onboarding project in scope, an implementation fee will be assessed that ranges from \$25,000 to \$250,000. These onboarding payments are scheduled over the course of the implementation. iH2 does not require the prepayment of more than \$1,200 in fees six or more months in advance of services.

Please note that the above fees do not include securities transaction fees or Model Provider fees, which may be borne by each account and charged by the custodian, broker dealer or the Client.

The annual Platform services fee is billed and payable, quarterly in arrears, based on the average daily balance for the billing period. iH2 will send an invoice to the Client for the payment of the advisory fee with payment instructions included with the invoice.

For additional information regarding fees charged by the Model Provider, please consult the applicable brochure prepared by the Model Provider.

#### **UMA Platform Services Fees**

The fees a Client pays for the UMA Platform services is the same as the Advisory Platform fees listed above.

#### **Investment Overlay Management Services**

The fees a Client pays for the Investment Overlay Management Services are the same as the Advisory Platform fees listed above.

#### **Institutional Services Fees**

Fees charged for the Institutional Services offering are negotiated and customized for each Client and memorialized in each Client's agreement with iH2.

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

iH2 does not charge performance-based fees. iH2 does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund).

### **Item 7 Types of Clients**

iH2 provides various investment advisory services to financial institutions to assist them in managing the assets of their respective clients' accounts.

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

#### **Advisory Platform Services Risk**

As noted in Item 4, the Company will choose certain Model Providers for inclusion on the Platform for use by Clients in managing their respective Underlying Clients' assets. These Model Providers use one or more of the following methods of analysis or investment strategies when providing investment advice. Details of research methodology can be found in each Model Provider's respective Disclosure Brochures. Types of analysis and strategies include, but are not limited to:

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Charting analysis may not accurately detect anomalies or 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.

**Technical Analysis** - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that the analysis may not accurately detect anomalies or 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.

**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 and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained 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.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** 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.

**Modern Portfolio Theory** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**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.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**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.

**Risk:** Using a short-term purchase strategy generally assumes an ability to predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of time.

**ESG Investing** - ESG Investing maintains a focus on Environmental, Social, and Governance issues. ESG investing may be referred to in many different ways, such as sustainable investing, socially responsible investing, and impact investing. ESG practices can include, but are not limited to, strategies that select companies based on their stated commitment to one or more ESG factors; for example, companies with policies aimed at minimizing their negative impact on the environment, social issues, or companies that focus on governance principles and transparency. ESG practices may also entail screening out companies in certain sectors or that, in the view of the investor, demonstrate poor management of ESG risks and opportunities or are involved in issues that are contrary to the investor's own principles.

**Risk:** "ESG Investing" is not defined in federal securities laws, may be subjective, and may be defined in different ways by different managers, advisers, or investors. There is no SEC "rating" or "score" of ESG investments that could be applied across a broad range of companies, and while many different private ratings based on different ESG factors exist, they often differ significantly from each other. Different managers may weigh environmental, social, and governance factors differently. Some ESG managers may consider data from third party providers which could include "scoring" and "rating" data compiled to help managers compare companies. Some of the data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle but are not verified or reliable. Third party scores also may consider or weigh ESG criteria differently, meaning that companies can receive widely different scores from different third-party providers. A portfolio manager's ESG practices may significantly influence performance. Because securities may be included or excluded based on ESG factors rather than traditional fundamental analysis or other investment methodologies, the account's performance may differ (either higher or lower) from the overall market or comparable accounts that do not employ similar ESG practices. Some mutual funds or ETFs that consider ESG may have different expense ratios than other funds that do not consider ESG factors. Paying more in expenses will reduce the value of your investment over time.

**Trading** - iH2 may use frequent trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Frequent trading is not a fundamental part of the overall investment strategy, but iH2 may use this strategy occasionally when it is determined that it is suitable given the stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses.

**Risk:** When a frequent trading policy is in effect, there is a risk that investment performance within the account may be negatively affected, particularly through increased brokerage and other transactional costs and taxes.

### **Investment Overlay Management Services Risk**

Overlay services are subject to market, liquidity, and operational risks. Certain securities may have limited liquidity, wider bid-ask spreads, or may trade in less active or dealer-driven markets. In such circumstances, iH2 may delay, stage, modify, or forego trades in order to manage execution risk, which may result in deviations from the model portfolio. In addition, overlay services rely on third-party systems, custodians, and trading platforms, and may be affected by system limitations, data errors, or delays in model delivery or trade execution.

Where Underlying Client accounts hold residual cash balances due to trading activity, cash flows, or implementation constraints, there is a risk on performance relative to a fully invested model.

The investment strategies and advice may vary depending upon each Underlying Client's specific financial situation. As such, iH2 determines investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### **Cash Management**

In managing the cash maintained in your account, iH2 utilizes the cash vehicle (money market) made available by the custodian. There may be other cash management options away from the custodian available to you with higher yields or safer underlying investments.

### **Tax Considerations**

The strategies and investments may have unique and significant tax implications. However, unless specifically agreed otherwise, and in writing, tax efficiency is not a primary consideration in the management of Underlying Client assets. Regardless of account size or any other factors, iH2 strongly recommends consulting with a tax professional.

Custodians and broker-dealers must report the cost basis of equities acquired in Underlying Client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to iH2 firm immediately and will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that investors should be prepared to bear. iH2 does not represent or guarantee that the services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Underlying Clients from losses due to market corrections or declines. iH2 cannot offer any guarantees or promises that established financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each Underlying Client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive but should be considered carefully by a prospective Underlying Client before retaining the services of iH2.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by an Underlying Client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worthless and may reduce the purchasing power of an Underlying Client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs of the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. The final risk taken with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

**Certificates of Deposit:** Certificates of deposit ("CD") are generally a safe type of investment since they are insured by the Federal Deposit Insurance Company ("FDIC") up to a certain amount. However, because the returns are generally low, there is risk that inflation outpaces the return of the CD. Certain CDs are traded in the marketplace and not purchased directly from a banking institution. In addition to trading risk, when CDs are purchased at a premium, the premium is not covered by the FDIC.

**Municipal Securities:** 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.

**Bonds:** 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.

**Stocks:** 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, better-established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Commercial Paper:** Commercial paper ("CP") is, 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 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.

**Real Estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. However, the asset class still bears a considerable amount of market risk. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.

**Real Estate Investment Trust:** A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

**Structured Products:** A structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. They have a fixed maturity and have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. However, these products are not always Federal Deposit Insurance Corporation insured; they may only be insured by the issuer, and thus have the potential for loss of principal in the case of a liquidity crisis, or other solvency problems with the issuing company. Investing in structured products involves a number of risks including but not limited to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in any appreciation of the underlying instrument; limited liquidity; credit risk of the issuer; conflicts of interest; and, other events that are difficult to predict.

## Item 9 Disciplinary Information

There are no legal, regulatory, or disciplinary events involving iH2 or any of its Management Persons. iH2 encourages conducting the requisite due diligence on any adviser or service provider. More information about iH2 and any of its registered persons is available through the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search for iH2 Advisors & Company with our firm name or our CRD# 325788.

## Item 10 Other Financial Industry Activities and Affiliations

iH2 has not provided information on other financial industry activities and affiliations because there are no relationships or arrangements that are material to the advisory business or to clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or 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 adviser;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; and/or
11. sponsor or syndicator of limited partnerships.

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

### Description of iH2's Code of Ethics

iH2 strives to comply with applicable laws and regulations. Therefore, iH2's Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. The goal is to always protect client interests and to demonstrate commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All iH2 employees are required to adhere strictly to these guidelines and are also required to report any violations of the Code of Ethics. Additionally, iH2 maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about Clients or account holdings by persons associated with iH2.

Clients or prospective Clients may obtain a copy of the Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

## Item 12 Brokerage Practices

Underlying Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, Underlying Clients may pay higher commissions and/or trading costs than those that may be available elsewhere.

In implementing overlay services, iH2 seeks best execution, which considers a range of factors including price, liquidity, execution speed, market impact, and counterparty selection. iH2 utilizes one or more broker-dealers, custodians, or trading platforms, none of which are affiliated entities, in executing transactions.

## **Aggregated Trades**

### *Advisory Platform Services*

For Clients utilizing our Advisory Platform Services, we generally execute transactions for each Client account independently. However, when multiple Underlying Clients of the same advisory relationship are transacting in the same security, we may aggregate (or "block") those orders when we believe aggregation will result in more efficient execution or otherwise benefit the participating accounts.

### *UMA Platform Services*

For Clients utilizing our Unified Managed Account ("UMA") Platform Services, we work with third-party trading vendors and custodians that are responsible for trade execution, order routing, rebalancing, and other brokerage-related functions within UMA accounts. These third-party providers maintain their own trading and aggregation processes, and trades for UMA accounts are executed according to the policies and procedures of the applicable vendor or custodian.

### *Investment Overlay Management Services*

Overlay services include the aggregation of orders across multiple Underlying Client accounts to seek execution efficiency, as appropriate.

## **Allocation of Partially Filled Orders – Rotation Method**

Any aggregated order is allocated in a manner we consider fair and equitable over time and consistent with our fiduciary obligations. For any aggregated trades that are only partially filled, we allocate the filled portion using a **rotation method** designed to ensure that participating accounts are treated equitably over time. Under this method, each account included in the aggregated order is placed into a rotation schedule. When an aggregated trade receives a partial fill, the accounts at the top of the rotation receive the allocation first, up to their intended order size. Those accounts then move to the bottom of the rotation for subsequent partially filled trades, and the next accounts in line receive priority in the next rotation.

This process allows us to:

- Treat all Underlying Clients fairly and consistently;
- Avoid favoring any particular Underlying Client or group of Underlying Clients; and
- Ensure that partial fills are distributed proportionally over time across all Underlying Clients that regularly participate in similar trades.

If the rotation method is not reasonably practicable for a specific trade (for example, due to Underlying Client-specific restrictions, tax considerations, or minimum trade sizes), we may use another equitable method of allocation that we determine is fair under the circumstances.

## **Item 13 Review of Accounts**

iH2 does not review the Underlying Clients accounts of our Clients, unaffiliated investment advisers. Statements will be received from the account custodian and the Clients will review their Underlying Client's accounts, current financial situation, investment needs and future requirements.

iH2 will monitor each underlying account within the investment models to look for outliers. Any outliers are reported to the Client for review and modification as appropriate.

## Item 14 Client Referrals and Other Compensation

iH2 does not receive any compensation for client referrals. iH2 receives compensation from Clients, unaffiliated Model Providers, related to the use of the Platform as described under *Fees and Compensation*.

Separately, certain unaffiliated Model Providers who provide model portfolios on the Platform are charged an operational cost reimbursement fee for support of their participation on the Platform.

## Item 15 Custody

iH2 does not have custody of Underlying Client funds or securities.

iH2 recommends that Clients using the Platform maintain a custodial relationship with a qualified custodian to hold Underlying Client accounts, funds and securities. Individual Underlying Clients should discuss any questions related to their custodian with their adviser, iH2's Enterprise Clients - the unaffiliated investment advisers.

## Item 16 Investment Discretion

### Advisory Platform Services

Clients grant iH2 discretion over the selection and/or removal of Model Providers to/from the Platform without obtaining consent or approval prior to each change. The Clients communicate specific investment objectives, guidelines, and/or impose certain conditions or investment parameters that will be included in the evaluation of Model Providers. Refer to the *Advisory Business* section in this brochure for more information on the Platform services.

During the ongoing review process, iH2 may determine that a Model Provider is no longer a reasonable fit for a specific mandate. This change would be communicated to the Client and the course of action, including timeline for the change, would be determined at that time.

### UMA Platform Services

For these services, Clients grant iH2 discretion over the selection and amount of securities to be purchased or sold for UMA accounts without obtaining the Client or Underlying Client's consent or approval prior to each transaction. Clients specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for UMA accounts. For example, Clients can 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. Refer to the *Advisory Business* section in this brochure for more information on our UMA Platform Services.

## Item 17 Voting Client Securities

iH2 does not vote proxies on behalf of the Underlying Clients of the Clients engaged with iH2 for platform advisory services. Underlying Clients should consult with their adviser regarding their proxy voting procedures.

## **Item 18 Financial Information**

iH2 does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to unaffiliated advisers. iH2 does not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, iH2 is not required to include a financial statement with this brochure.

Neither iH2, nor any of its advisory persons, is aware of any financial condition that is expected to affect its ability to offer platform advisory services, nor has iH2 filed for bankruptcy in the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

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

## **Item 20 Additional Information**

### **Class Action Lawsuits**

iH2 does not determine if securities held by the unaffiliated advisers are the subject of a class action lawsuit or whether clients are eligible to participate in class action settlements or litigation nor does iH2 initiate or participate in litigation to recover damages on a client's behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held.