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This brochure provides information about the qualification and business practices of Compass Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (305) 461-1681, or by email at [requests@compassadv.com](mailto:requests@compassadv.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 Compass Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 31, 2012

# Material Changes Annual Update

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Compass Advisors, LLC is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 31, 2011.

## **Material Changes since the Last Update**

None

## **Full Brochure Availability**

The Firm Brochure for Compass Advisors, LLC, is available by contacting [requests@compassadv.com](mailto:requests@compassadv.com).

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## Advisory Business

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### Firm Description

Compass Advisors, LLC (“Compass”) is a registered Investment Advisor established in 1991. The Company consults with clients on the selection, coordination, and monitoring of clients’ investment advisers and other investment service providers, manages and supervises client assets on a non-discretionary basis and provides investment advice to clients.

### Principal Owners

Joseph K. Meyer is Chief Executive Officer and President of Compass’s parent company, Compass Holdings, LLC and sole shareholder of Compass’s indirect parent company, Compass Holdings, Inc.

### Types of Advisory Services

Compass provides three types of services to clients. First, Compass supervises accounts on a discretionary basis (“Investment Supervisory Services”). Second, Compass manages accounts on a discretionary and non-discretionary basis (“Account Management Services”). Third, Compass acts as a consultant to clients on matters related to monitoring Clients’ account performance, conducting search and selection of industry professionals other than investment advisers, performing asset-liability studies and other quantitative analysis, as well as services not directly related to selecting and monitoring investment advisers and other investment professionals or investing client assets (“Consulting Services”).

## **Investment Supervisory Services**

Compass supervises accounts on a discretionary basis for and provides investment advice to individuals, pension and other employee benefit plans, trusts, corporations and other business entities. Compass may supervise and provide investment advice for only some or all of its clients' investable assets.

## **Account Management Services**

Compass manages accounts on a discretionary and non-discretionary basis and provides investment advice to individuals, pension and other employee benefit plans, trusts, corporations and other business entities. Compass may manage and provide investment advice for only some or all of its clients' investable assets. Account Management Services include Compass's unified services to clients described under Investment Supervisory Services above.

## **Consulting Services**

Compass provides investment advice and consulting services to individuals, pension and other employee benefit plans, trusts corporations and other business entities that do not directly involve the management or supervision of assets.

## **Tailored Relationships**

Compass tailors investment services to the individual needs of the client. Compass clients may impose restrictions on the investments in their account(s). Compass may accept any reasonable limitation or restriction on the account placed by the client. All limitations and restrictions placed on accounts must be placed in writing to Compass.

## **Wrap Fee Programs**

Compass does not participate in or recommend wrap fee programs.

## **Client Assets**

As of 12/31/2011, Compass manages approximately \$831,198,326 in assets. Approximately \$331,846,910 is managed on a discretionary basis, and \$ 499,351,316 is managed on a non-discretionary basis.

## **Fees and Compensation**

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### **Description**

For Investment Supervisory Services and Account Management Services, Compass negotiates fees with its clients based on the particular services rendered, the size of the client's account and the types of investments in which the client's funds will be invested. The most common fee arrangement entered into by Compass with clients is an arrangement in which fees are based upon a fixed annual fee combined with a fee based on the percentage of the total market value

of the assets under management. Percentage of assets fees are generally payable quarterly in arrears. Fixed fees are generally payable quarterly in advance. Compass may structure the asset based fee against a minimum asset base for smaller portfolios in order to ensure fair compensation for services rendered. Where appropriate and not prohibited by law, Compass will negotiate with a client who wishes to implement a performance-based fee arrangement to develop suitable alternatives to the conventional predetermined percentage of asset-based fee schedule.

For Consulting Services, Compass negotiates fees with its clients based on the type of client and particular services rendered. Depending on the Consulting Services rendered, Compass may charge a fixed fee, hourly fee, asset based fee or a combination.

### **Fee Billing**

In most cases, clients may authorize custodians in writing to pay Compass's fees directly from an account maintained with the client's custodian. In those cases, Compass will send fee invoices to the client's custodian who, at least quarterly and in some cases as frequently as monthly, will send detailed statements to the client. Such statements will show the amount of all fees which have been deducted each prior month or quarter.

### **Other Fees**

Compass's fees do not include brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, third party investment and other third parties such as fees charged by managers, custodial fees, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Compass's fee, and Compass shall not receive any portion of these commissions, fees and costs.

### **Termination of Adviser Relationship**

A standard Investment Advisory Services Agreement ("Advisory Agreement") with Compass is terminable by the client upon 120 days' written notice to Compass and by Compass upon 120 days' written notice to the client. Given the nature of the services provided by Compass, clients agree upon initiating the relationship with Compass that should the client terminate the Advisory Agreement without cause on a date other than on the annual anniversary date of the Advisory Agreement, the client will be obligated to Compass for those services rendered by Compass and for which Compass has not yet been compensated, which amount will represent the remaining portion of the total annual and percent of asset fees due under the Advisory Agreement for that full year.

## Performance-Based Fees & Side-by-Side Management

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### **Sharing of Capital Gains or Capital Appreciation**

Compass does not accept performance-based fees but may provide investment advice for a fixed fee or negotiated hourly rate. Client fee structures can vary.

## Types of Clients

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### **Description**

Compass offers a comprehensive set of investment management and consulting services for trustees, pension and retirement funds, foundations, endowments, non-profit organizations and high net worth individuals. Compass's client base has included, from time to time, state entities and governmental agencies.

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

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### **Methods of Analysis**

Investment Supervisory and Account Management Services – Compass is committed to a systematic investment process. Before investment risk is assumed, factors are identified. Portfolio risk is proportioned to the degree of predictive power in the decision making process as well as to the client's requirements. While factors influencing securities prices are complex and dynamic, it is necessary to maintain a consistent way of recognizing and evaluating the changing market environment. Compass recommends portfolio mixes which will benefit from these changes with respect to the reward potential and the risk assumed. Compass also uses client account statements, which are provided by the client's investment advisors and/or custodian, to analyze and review the performance of the client's accounts with the selected managers and the client's total portfolio.

### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an investment strategy based on their objectives, risk tolerance, and their desired investment strategy.

### **Risk of Loss**

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

- All investments are subject to risk.

- Foreign investing involves additional risks including currency fluctuations and political uncertainty.
- Investments in bond funds are subject to interest rate, credit, and inflation risk.
- Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks.
- Past performance is no guarantee of future results.

## Disciplinary Information

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Compass and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Other Financial Industry Activities and Affiliations

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### **Material Relationships or Arrangements with Financial Industry**

Neither Compass nor any of its management have a material relationship or arrangement with any other related person or financial industry entities.

### **Recommend or Select Other Investment Advisers**

Compass may, at times, recommend or select other investment advisors for its clients.

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

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### **Code of Ethics**

Compass has adopted a Code of Ethics to provide guidance to its employees and other representatives regarding the standards upon which the conduct of the company's business are based and for which such employees and representatives are accountable, including standards governing personal securities transactions of its employees and representatives. A copy of Compass's Code of Ethics is available at no charge to clients at any time upon written request.

### **Recommend Securities with Material Financial Interest**

Neither Compass nor its employees recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest.

### **Invest in Same Securities Recommended to Clients**

Compass and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of Compass will not interfere with making decisions in the best interest of advisory clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

## Brokerage Practices

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### **Selecting Brokerage Firms**

Compass may recommend a broker to a client based on the client's situation and need for a particular service, but the final decision remains with the client. Compass does not receive any compensation as a result of these recommendations.

### **Research and Soft Dollars**

Compass receives soft dollar credits in connection with equity trades at Fidelity which are used by Compass to purchase third-party database and similar subscription services benefiting all client accounts.

### **Brokerage for Client Referrals**

Compass does not receive client referrals from broker dealers.

### **Directed Brokerage**

Compass does not direct client trades to any broker-dealer in which the company receives an economic benefit from trades, either in the form of hard or soft dollars, without the client's prior written consent.

### **Order Aggregation**

Compass does not aggregate or block trades.

## Review of Accounts

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Joseph K. Meyer, Chief Executive Officer and President of Compass, is responsible for review of accounts for which Compass provides Investment Supervisory and/or Account Management Services.

Other periodic reviews may also be conducted upon client request, in response to a market event, or due to a change in the client's situation.

Compass provides each client with a quarterly report containing detailed information about the specific holdings in the account, the transaction activity during the preceding quarter, the receipts and disbursements through the account for the preceding quarter and the performance for the preceding quarter, both from inception to date and for the fiscal year.



## Client Referrals and Other Compensation

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Compass does not receive any economic benefits from any third-party firm or individual for providing investment advice. Compass does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Custody

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### **Account Statements**

Compass clients receive, at least quarterly, statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review statements and compare such official custodial records to the account statements or other reports that Compass provides. Compass statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

## Investment Discretion

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### **Discretionary Authority for Trading**

Compass currently has several client relationships that allow Compass discretionary authority over the selection of asset managers and to trade and transfer the assets for the purposes of exercising such authority.

Compass has no client relationships with discretion over the management of assets, other than the client relationships where Compass has discretion to select asset managers on behalf of the client and to trade and transfer assets to effect such discretion.

## Voting Client Securities

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### **Proxy Voting**

Compass does not vote client securities. Clients will receive any proxies or other solicitations or directly from their custodians.

## Financial Information

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Compass does not have custody of client assets, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

Compass has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## Requirements for State-Registered Advisers

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### **Identify Principal Executive Officers and Management Person**

Joseph K. Meyer is Chief Executive Officer and President of Compass's parent company, Compass Holdings, LLC and sole shareholder of Compass's indirect parent company, Compass Holdings Inc. Mr. Meyer also has the following positions with other Compass affiliates: Chief Executive Officer and President of Compass Analytics, LLC, Director of Compass Asia Limited and Compass Financial Services (BVI) Ltd.

Mr. Meyer attended Linn-Benton Community College for one year and attended Oregon State University for three years where he pursued a degree in Finance – Risk Planning and Control.

### **Describe Business Other Than Investment Advice**

None.

## **Form ADV Part 2B – Investment Adviser Brochure Supplement**

### **Item 1 - Cover Page**

#### **Compass Advisors, LLC Form ADV Part 2B**

**Joseph K. Meyer**

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Compass Advisors, LLC ("Compass") brochure. You should have received a copy of that brochure. Please contact [requests@compassadv.com](mailto:requests@compassadv.com) or call (305) 461-1681 if you did not receive Compass's brochure or if you have any questions about the contents of this supplement.

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

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## **Item 2 - Educational Background and Business Experience**

**Joseph K. Meyer, Principal**

Born 1955

### **Business Background:**

Compass Advisors, LLC

President and Chief Executive Officer

Previous: Kemper Securities, Prudential Bache Securities, and E.F. Hutton

### **Education:**

Oregon State University, Finance - Risk Planning and Control

## **Item 3 - Disciplinary Information**

Neither Compass nor any Supervised Person has been involved in any activities resulting in a disciplinary disclosure.

## **Item 4 - Other Business Activities**

Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations

## **Item 5 - Additional Compensation**

Compass does not receive compensation of any kind from non-clients in connection with giving advice to clients.

## **Item 6 - Supervision**

Joseph K. Meyer is the Chief Executive Officer of Compass and has the responsibility for supervising the operations of Compass.

Contact Information: (305) 461-1681

## **Item 7 - Requirements for State-Registered Advisers**

There are no disclosures to report in this section.