



# | Investment Advisory Services

## **SWBC Investment Advisory Services LLC**

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## **Firm Brochure (Form ADV Part 2A)**

**January 1, 2013**

This brochure provides information about the qualifications and business practices of SWBC Investment Advisory Services LLC. If you have any questions about the contents of this brochure, please call 866.270.4874. 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.

SWBC Investment Advisory Services LLC is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. Additional information about SWBC Investment Advisory Services LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This item discusses only specific material changes made to the brochure since the last annual update of our brochure on August 1, 2011. SWBC Investment Advisory Services LLC will provide clients with a new brochure as necessary based on changes or new information, at any time, without charge. Our brochure may be requested by contacting us at 866.270.4874.

Effective as of the date of this updated brochure, SWBC Investment Advisory Services LLC has expanded our capabilities to offer discretionary services as a fiduciary under ERISA Section 3(38). These services are generally accepted to follow the same protocol as previous services offered as a fiduciary under ERISA Section 3(21)(A), but with the added ability to take action without obtaining specific client consent to carry out investment changes on an ongoing basis. These services will be available within both the Consulting Practice and Product Practice, as described in Item 4 of this brochure. Further detail of these additional services can be found in Items 4, 5 and 16 of this brochure.

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## **Item 4 – Advisory Business**

SWBC Investment Advisory Services LLC is an SEC Registered Investment Advisory firm. We are a wholly-owned subsidiary of Southwest Business Corporation, established in April 1976. Southwest Business Corporation also owns SWBC Investment Services, LLC (a FINRA registered Broker/ Dealer) and SWBC Investment Company, Inc. (an SEC Registered Investment Advisor).

SWBC Investment Advisory Services LLC's sole focus is providing advisory services to the retirement plan market with fiduciary responsibility as defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This is accomplished by defining services for two market segments. The first is referred to as our consulting practice, which concentrates on the custom requirements of an individual retirement plan sponsor. The second is referred to as our product practice, which develops and manages an enterprise-level advisory discipline for groups of retirement plan sponsors with similar characteristics using a single recordkeeping vendor solution.

### **Consulting Practice**

SWBC Investment Advisory Services LLC provides advisory services to organizations sponsoring retirement plans which may include 401(k) plans, 403(b) plans, pension plans, profit sharing plans, and non-qualified plans, collectively referred to as plan sponsors ("Plan Sponsor").

SWBC Investment Advisory Services LLC will require each Plan Sponsor to make a selection of services in writing as part of the Advisory Services Agreement ("ASA") which sets forth the rights and obligations of SWBC Investment Advisory Services LLC and the Plan Sponsor.

SWBC Investment Advisory Services LLC acknowledges its status as a fiduciary under Section 3(21)(A) or Section 3(38) of ERISA, solely with respect to advisory services provided to the Plan Sponsor pursuant to the terms and conditions of the ASA. SWBC Investment Advisory Services LLC will not assume fiduciary status or any liability with respect to investment options, products or services that are not recommended by SWBC Investment Advisory Services LLC or are otherwise excluded as detailed in the ASA.

Advisory Services include, but are not limited to:

#### Plan Sponsor Investment Advisory Services

- Serving as Fiduciary as defined by ERISA
- Investment Policy Statement Development and Management
- Review and Analysis of Existing Investment Options
- Investment Option Search, Selection and/or Replacement
- Investment Option Monitoring and Due Diligence
- Quarterly Performance Reporting and Review
- Asset Allocation Analysis
- Model Portfolio Development and Management
- Investment Option Mapping

#### **Product Practice**

SWBC Investment Advisory Services LLC may also provide enterprise-level advisory services to retirement plan vendors (“Product Client”) that serve a variety of plan types including 401(k) plans, 403(b) plans, pension plans, profit sharing plans, and non-qualified plans, collectively referred to as Plan Sponsor(s).

SWBC Investment Advisory Services LLC will require each Plan Sponsor to sign an ASA, which sets forth the rights and obligations of SWBC Investment Advisory Services LLC and the Plan Sponsor.

SWBC Investment Advisory Services LLC acknowledges its status as a fiduciary under Section 3(21)(A) or Section 3(38) of ERISA, solely with respect to advisory services provided to the Plan Sponsor pursuant to the terms and conditions of the ASA.

SWBC Investment Advisory Services LLC will not assume fiduciary status or any liability with respect to investment options that are not recommended by SWBC Investment Advisory Services LLC or are otherwise excluded as detailed in the ASA.

Advisory Services include:

#### Product Client Investment Advisory Services

- Investment Policy Statement Development and Management
- Review and Analysis of Existing Investment Options
- Investment Option Search and Selection
- Investment Option Monitoring and Due Diligence
- Quarterly Performance Reporting and Review
- Model Portfolio Development and Management
- Investment Option Mapping

#### Plan Sponsor Investment Advisory Services

- Serving as Fiduciary as defined by ERISA
- Investment Policy Statement Development and Management
- Investment Option Search, Selection and/or Replacement
- Investment Option Monitoring and Due Diligence
- Quarterly Performance Reporting and Review
- Model Portfolio Development and Management
- Investment Option Mapping

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

SWBC Investment Advisory Services LLC will require each Plan Sponsor to acknowledge the scope of services in writing as part of the ASA, which sets forth the rights and obligations of SWBC Investment Advisory Services LLC and the Plan Sponsor. The ASA is customized to state the negotiated fee.

In general, fees charged for investment advisory services are payable quarterly, in arrears, and are based upon the market value of the assets on either the last day of the calendar quarter or a more complex calculation based upon the monthly average value. Fees may be direct billed to the Plan Sponsor or sent to a third party administrator (“TPA”) or custodian at the Plan Sponsor’s instruction. Fees for a Plan Sponsor engaging SWBC Investment Advisory Services LLC mid-quarter will be prorated.

The ASA will continue in effect until terminated by either party upon written notice to the other party, most commonly at least sixty (60) days in advance. If any advisory relationship terminates before the last day of a quarter, fees are prorated accordingly and SWBC Investment Advisory Services LLC will refund any unearned fees due to the Plan Sponsor.

Fees are negotiated prior to the signing of the ASA. In general, fees are expressed as a percentage of total assets and do not exceed 1% annually.

To the extent negotiated prior to the signing of the ASA, SWBC Investment Advisory Services LLC may charge a Flat or Fixed fee for services. Fixed fees generally range from \$5,000.00 to \$150,000.00 on an annual basis, depending upon the level and scope of the services required. Fixed fees are payable quarterly, in arrears, on the last day of the calendar quarter. Fees for a Plan Sponsor engaging SWBC Investment Advisory Services LLC mid-quarter will be prorated.

SWBC Investment Advisory Services LLC does not receive any compensation other than the fees described in the ASA. Any client may be required to meet minimum annual fee requirements until their specific plan or program exceeds a defined threshold. Even in this scenario Plan Sponsors will not pay more than the fees described in the ASA.

A portion of the fees charged by SWBC Investment Advisory Services LLC may be paid to Investment Advisory Representatives employed by SWBC Investment Advisory Services LLC.

## **Item 6 – Performance-Based Fees and Side-by-Side Comparison**

SWBC Investment Advisory Services LLC does not accept performance based fees or offer performance based fee schedules.

## **Item 7 – Types of Clients**

SWBC Investment Advisory Services LLC's sole focus is providing advisory services to the retirement plan market with fiduciary responsibility as defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This is accomplished by defining services for two market segments. The first is referred to as our consulting practice, which concentrates on the custom requirements of an individual retirement plan sponsor. The second is referred to as our product practice, which develops and manages an enterprise-level advisory discipline for groups of retirement plan sponsors with similar characteristics using a single recordkeeping vendor solution.

SWBC Investment Advisory Services LLC provides advisory services to retirement plans which may include 401(k) plans, 403(b) plans, pension plans, profit sharing plans' and non-qualified plans, collectively referred to as Plan Sponsor(s).

SWBC Investment Advisory Services LLC may also provide enterprise-level advisory services to retirement plan vendors that serve a variety of plan types including 401(k) plans, 403(b) plans, pension plans, profit sharing plans, and non-qualified plans, collectively referred to as Plan Sponsors.

SWBC Investment Advisory Services LLC does not provide advisory services to individual investors or institutional investors outside the scope of company sponsored retirement plans.

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

SWBC Investment Advisory Services LLC bases investment recommendations and actions on the quantitative and qualitative criteria in the Investment Policy Statement established for each Plan Sponsor. A retirement plan is analyzed separately, paying particular attention to limitations on the investment options as determined by the plan documents and the Plan's current service provider's available universe of investment options.



SWBC Investment Advisory Services LLC applies various security analysis methods including fundamental analysis and quantitative and qualitative research for each investment vehicle. Information for this analysis may be drawn from financial newspapers, magazines and databases, research materials prepared by others, annual reports, corporate filings and prospectuses.

Investment Advisory Representatives employed by SWBC Investment Advisory Services LLC meet with Portfolio Managers and Analysts employed by Investment Companies in order to develop our recommendations.

### **Item 9 – Disciplinary Information**

SWBC Investment Advisory Services LLC has no disciplinary actions to disclose.

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

SWBC Investment Advisory Services LLC (“the firm” or “the adviser”) is an SEC Registered Investment Advisory firm. We are a wholly-owned subsidiary of Southwest Business Corporation, established in April 1976. Southwest Business Corporation also owns SWBC Investment Services, LLC (a FINRA registered Broker/ Dealer) and SWBC Investment Company, Inc. (an SEC Registered Investment Advisor).

Investment Advisory Representatives employed by SWBC Investment Advisory Services LLC do not provide services through either of the affiliated entities.

### **Item 11 – Code of Ethics**

The firm has established the following Code of Ethics and will provide a copy of this Code, with amendments, to all supervised persons and to any client or prospective client who indicates in writing a desire to obtain a copy.

The firm will document acceptance / acknowledgement of the required code, meaning an intention to abide by Federal Laws and rules regarding the prohibition against the use of insider information and Rule 204A-1.

In order to prevent misuse of material, non-public information, the firm requires:

- all persons with access to such information to report their holdings and transactions to the firm in writing by means of copies of such market transactions for themselves and their near relatives (spouses, children, parents and siblings). The broker dealer used must be SWBC Investment Services, LLC;
- supervised persons to report promptly to an officer any violations of the code;
- that an appropriate designated person be named to maintain and enforce the code;
- at least an annual review to evaluate the Code's efficacy and applicability.

The firm's identified "Access Persons" are required to report periodically their own personal securities transactions and holdings and those of near relatives, etc. to the chief compliance officer and/or other designated person.

These periodic reports shall include, at a minimum, a complete report of each Access Person's securities holdings at the time the person becomes an Access Person and at least once a year thereafter. Access Persons shall submit quarterly reports of all their personal securities transactions no later than 30 days after the close of the calendar quarter.

Access Persons shall submit holdings and transaction reports for "reportable securities" in which the Access Person has or acquires any direct or indirect beneficial ownership. All Access Persons shall obtain the investment adviser's approval before investing in any IPO or private placement.

In adopting this Code of Ethics, the firm also adopts the standard that requires all employees to live up to a standard of ethical conduct based on principles of openness, integrity, honesty and trust.

## **Item 12 – Brokerage Practices**

SWBC Investment Advisory Services LLC does not custody assets nor do we determine which broker and/or institution executes trades for our clients.

### **Item 13 – Review of Accounts**

SWBC Investment Advisory Services LLC reviews the investment options that have been recommended to Plan Sponsors on a quarterly basis in accordance with the monitoring criteria established in each Plan Sponsor's Investment Policy Statement.

SWBC Investment Advisory Services LLC receives the holdings information for a Plan Sponsor's account through third parties that would include either the third party administrator ("TPA") or custodian.

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

SWBC Investment Advisory Services LLC's primary source of business development is based on referrals from existing clients, employees of Southwest Business Corporation, and individuals not associated with our company.

SWBC Investment Advisory Services LLC does not compensate these individuals for referrals.

### **Item 15 – Custody**

SWBC Investment Advisory Services LLC does not custody assets. The Plan Sponsors receive statements from their custodians and TPAs.

### **Item 16 – Investment Discretion**

If documented in the ASA and granted by the Plan Sponsor from the inception of the relationship, SWBC Investment Advisory Services LLC may retain the authority to direct, without obtaining specific client consent, the investments to be included and/or removed from the Plan Sponsor's retirement plan. For these clients, the ASA and accompanying Investment Policy Statement will document, in detail, the level of discretion granted to

SWBC Investment Advisory Services LLC and the process utilized in reaching investment decisions.

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

SWBC Investment Advisory Services LLC does not have, and will not accept, authority to vote on our Plan Sponsor's behalf. Since we do not custody assets, we would not have this opportunity. Should we receive this type of request on behalf of our Plan Sponsors, we will forward the information to them promptly.

### **Item 18 – Financial Information**

Registered Investment Advisors are required to provide you with certain financial information or disclosures about SWBC Investment Advisory Services LLC's financial condition.

SWBC Investment Advisory Services LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.