

**Part 2A of Form ADV: *Firm Brochure***

**WSC Bank Advisors LLC**

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March 27, 2013

This brochure provides information about the qualifications and business practices of WSC Bank Advisors LLC (WBA). If you have any questions about the contents of this brochure, please contact us at 239-263-6877 or [jmh@wasmerschroeder.com](mailto:jmh@wasmerschroeder.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 WBA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 167029.

## **Item 2    Material Changes**

This Item provides our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4    Advisory Business**

WBA is a SEC-registered investment adviser with its principal place of business located in Naples, FL. WBA began conducting business in March 2013.

Wasmer, Schroeder & Company, Inc. (WSC), is our sole member and owner.

WBA uses the personnel and resources of WSC to offer the following advisory services to our clients:

Our firm provides continuous advice to banking and thrift institutions (“institutions” or “clients”) regarding the investment of funds based on the institution’s needs. Through discussions with the institution and review of the institution’s investment policy, we create and manage a portfolio based on that policy. During our data-gathering process, we determine the institution’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a institution's prior investment history. We offer discretionary or non-discretionary advisory services dedicated to helping banks maximize their portfolio yield using a variety of transparent and highly rated securities based on the specific direction of bank management. We have highlighted each of these aspects of our role in servicing banks. Account supervision is guided by the institution’s investment policy.

Institutions may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our portfolio management and advisory services encompass the following:

- Investment portfolio review and recommendations
- Investment policy reviews
- Credit research and surveillance
- Trade execution and settlement
- Regulatory compliance consultations related to the securities portfolio
- Yield and interest sensitivity analysis

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Our securities expertise encompasses the following fixed-income securities for bank portfolios:

- Mortgage-Backed Securities, both Agency RMBS and CMBS
- Corporate Securities
- GSE Agencies
- Municipal Debt – Tax Exempt (including Bank Qualified and Bank Eligible) and Taxable

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the institution’s investment

policy.

As of March 27, 2013, we were actively managing \$0.00 of clients' assets on a discretionary basis plus \$0.00 of clients' assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Our annual fees are based upon a percentage of assets under management and generally range from .10% to .40%.

Fees are payable either in advance or in arrears, monthly or quarterly as determined by the client's specific arrangement, based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are negotiable based on certain factors including, but not limited to, the size, complexity and investment objectives of the client's account.

A minimum of \$5,000,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. WBA may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded or credited. Also, certain fees may be billed in arrears; in the event of termination WBA will send the client a pro-rated final bill for services rendered through termination date.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

WBA does not charge performance-based fees.

## **Item 7 Types of Clients**

WBA provides advisory services to banking or thrift institutions.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors including the overall economy, industry conditions, and the financial condition and management of the company or issuer to determine if the security is under priced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the issuer.

**Cyclical Analysis.** Cyclical analysis involves looking at overall macro trends of state, local, national and global economic trends. This includes, but is not limited to, unemployment rates, industrial production, wage growth and other factors. Cyclical trends in the economy are then applied to security selection, yield curve positioning and credit quality decisions.

**Quantitative Analysis.** We employ a conservative credit approach that emphasizes the investment grade quality, essential-purpose sectors in the municipal bond market. We review each purchase candidate utilizing various industry specific credit metrics and statistics. These include analyzing relevant economic, demographic, and employment data as well as issuer financial position and debt burden. These credit metrics are evaluated using our approved credit criteria as a framework. With each corporate issuer we evaluate a range of metrics ranging from broad-based data to ratios that have industry specific relevance. These metrics often reveal areas that need further examination. This spectrum of quantitative analysis provides an identifiable risk assessment.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not

readily subject to measurement, and incorporate this analysis into our investment decision process based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the issuers whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We manage portfolios of fixed income securities with a variety of structures, attributes and characteristics.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Our securities expertise encompasses the following fixed-income securities for bank portfolios:

- Mortgage-Backed Securities, both Agency RMBS and CMBS
- Corporate Securities
- GSE Agencies
- Municipal Debt – Tax Exempt (including Bank Qualified and Bank Eligible) and Taxable

WBA also uses the services of an unaffiliated advisor, Exigent Capital Management LLC. Clients choosing to implement WBA's recommendations through Exigent's advisory services should refer to Exigent's Firm Brochure or other disclosure document for details regarding that firm's services and fees.

## **RISKS**

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

***Credit Risk.*** Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for portfolios that invest in "high yield" securities.

***Income Risk.*** The income earned from a portfolio may decline because of falling market interest rates. If a portfolio invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the portfolio's income may decrease if short-term interest rates rise.

**Interest Rate Risk.** Interest rate risk is the risk that the value of a portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond's expected life on a present value basis, taking into account the bond's yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond's price sensitivity to changes in interest rates.

**Prepayment Risk.** During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing a portfolio to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if it can refinance the debt at a lower cost due to declining interest rates or an improvement in the issuer's credit rating.

**Extension Risk.** During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future. Historical interest rate levels, however, are not necessarily predictive of future interest rate levels.

**Inflation Risk.** The value of assets or income from investments may be lower in the future as inflation decreases the value of money. As inflation increases, the value of a portfolio's assets can decline, as can the value of a portfolio's distributions.

## **Item 9    Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

WBA is wholly owned by Wasmer, Schroeder & Company, Inc. (WSC), an investment advisory firm registered with the Securities and Exchange Commission, offering investment advisory services to separately managed accounts. WSC provides investment sub-advisory services to WBA. There are no referral fee arrangements



between our firm and WSC. Clients choosing to implement WBA's recommendations through WSC advisory services should refer to WSC's Firm Brochure or other disclosure document for details regarding that firm's services and fees.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

WBA and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

WBA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jmh@wasmerschroeder.com](mailto:jmh@wasmerschroeder.com), or by calling us at (239)263-6877.

WBA and individuals associated with our firm are prohibited from engaging in principal transactions.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

We do not aggregate our employee trades with client transactions.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may complete purchase or sell trades totaling \$50,000 or more in value of any security without prior approval if the transaction(s) is also being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, however, when WBA is granted discretionary authority the client account will be managed per the specific client agreement.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

WBA does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

WBA requires that clients provide us with authority to determine the broker-dealer to use and the commissions and/or mark-ups/mark-downs that will be charged to our clients for these transactions. WBA generally will not accept client direction to use a specific broker-dealer to execute some or all transactions for the client's account.

WBA's services include the selection of brokers to be used and the negotiation of commission rates and/or mark-ups/mark-downs paid; it is WBA's policy to seek quality execution at the most favorable prices through responsible broker/dealers. WBA employs an evaluative process conducted by its brokerage review committee whereby quarterly assessments of its brokerage allocations are made based on multiple criteria. In selecting broker/dealers to execute transactions, WBA may consider such factors, including but not limited to, the price of the security, the rate of the commission and/or mark-ups/mark-downs, the size of the order, the reliability, integrity, financial condition, general execution and operational capabilities of the competing broker/dealers, and the brokerage and research services provided to WBA. A client may pay a commission and/or mark-up/mark-down that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission and/or mark-up/mark-down is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealers services, including the value of research provided, execution capability, commission rates and/or mark-ups/mark-downs, and responsiveness. Accordingly, while WBA will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates and/or mark-ups/mark-downs for specific client account transactions. The investment research products and services that may be obtained by us will generally be used to service all of our clients. WBA does not direct trades in order to obtain research.

WBA will execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute trades in a timelier, more equitable manner, at an average share price. WBA will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Significant aspects of WBA's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with WBA, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable WBA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight"

perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

- 4) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 5) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 6) No client or account will be unfairly favored over another.

### **Item 13    Review of Accounts**

While the underlying securities in a client's account are continually monitored, accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by WSC staff:

Michael John Schroeder	President & Chief Investment Officer
Thomas Noyes Richmond, Jr.	Managing Director, Portfolio Manager
John Stephen Majoros, III	Managing Director, Portfolio Manager
Christopher Edward Sheehan	Portfolio Manager
Emily Mahan Riddell	Portfolio Manager
Elizabeth Reed McHugh	Director of Client Services
Nicholl Marie Marling	Client Services Manager
Betty Marie Coomes	Client Services Manager
Mia Louisa Hyatt	Client Services Manager

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

It is WBA's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm. We will not accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- determine the broker or dealer to be used for a purchase or sale of client's securities; and/or
- determine the price, commission rates and/or mark-up/mark-down to be paid to a broker or dealer for a client's securities transactions.

Clients give us discretionary authority when they sign a discretionary portfolio management agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with subsequent or additional written instructions.

## **Item 17 Voting Client Securities**

We rarely receive proxies from the issuers of fixed-income securities.

When we are called upon to vote a proxy, we will vote in the best interests of its clients and in accordance with our established policies and procedures. If we have a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote. You always have the right to vote proxies yourself by instructing us in writing to not vote proxies in your account.

Clients may obtain a copy of our complete proxy voting policies and information on how proxies for his/her shares were voted by contacting their client services representative by email to [clientservices@wasmerschroeder.com](mailto:clientservices@wasmerschroeder.com) or by telephone to (239)263-6877 or in

writing.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

WBA does not provide tax or legal advice and clients are urged to consult their tax or legal advisers for such advice.

For accounts where WBA is the Primary adviser and a sub-advisor is involved with the management of your portfolio, the sub-advisor may be responsible for proxy voting. Please be sure to review the sub-advisor's Form ADV brochure for additional information.

## **Item 18 Financial Information**

We do not require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a balance sheet. We have not been the subject of a bankruptcy petition at any time during the past 10 years.