

## Part 2A of Form ADV: Firm Brochure



### **Strategic Investment Solutions, Inc.**

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This brochure provides information about the qualifications and business practices of Strategic Investment Solutions, Inc. If you have any questions about the contents of this brochure, please contact us at 708-645-8820 or [ThosKing@SIS-Incorporated.com](mailto:ThosKing@SIS-Incorporated.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Strategic Investment Solutions, Inc. 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 143128.

## **Item 2    Material Changes**

This Firm Brochure, dated February 28, 2014, provides you with a summary of Strategic Investment Solutions, Inc.'s (SIS) advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. SIS will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 30, 2013.

There are no material changes to report.

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#### **Item 4    Advisory Business**

Strategic Investment Solutions, Inc. is a SEC-registered investment advisor with its principal place of business located in Illinois. Strategic Investment Solutions, Inc. began conducting business in 2007.

PRIOR ADVISORY EXPERIENCE: At that time, Mr. King transferred client StEP portfolio assets to SIS from the StEP program he started and managed at Waterstone Financial Group. At the same time, Mr. Byrns transferred client portfolio assets to SIS from a Genworth Financial program similarly managed as is the StEP program. Mr. Byrns began investing client assets in the Genworth program in 1996, the same year that Mr. King, acting as President and co-founder of a firm later merged into Genworth, helped create that Genworth program. In 1982, Mr. King co-founded the firm later merged into Genworth, The Terra Financial Companies. Ltd.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Robert Michael Byrns, Chief Executive Officer
- Thomas Edwin King, President

Strategic Investment Solutions, Inc. offers the following advisory services to our clients:

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to plan sponsors and participants, high net worth individuals, trustees or individual clients regarding the investment of funds based on the needs of the client. Through personal discussions and/or use of a Risk Tolerance Questionnaire, goals and objectives based on a client's particular circumstances are established. We then develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

SIS manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

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

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Certificates of deposit
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Strategic Investment Solutions, Inc. Strategic Equity Portfolios and "Your Next StEP" 401(k) programs (StEP Programs or "Programs") use proprietary model asset allocation portfolios structured by Mr. Byrns and Mr. King, as well as model portfolios created by Dimensional Fund Advisors (DFA), an unaffiliated investment adviser. Each model portfolio in the StEP Program is designed to meet a particular investment goal. SIS offers this service, where appropriate, to individuals, pension and profit sharing plans, trusts and estates.

Strategic Equity Portfolios ("Your Next StEP") consist of 13 separate portfolios. Each is similar in securities/asset classes held, varying in percent allocated to each security/asset class based on risk assumed. Clients determine their own risk profile by completing a Risk Tolerance Questionnaire, the numeric result of which determines their appropriate portfolio.

SIS typically utilizes no-load mutual funds offered by DFA in each of its StEP Model portfolios. DFA sponsored mutual funds follow both an active and a passive investment philosophy, i.e., active in portfolio construct and trading rules, passive in holdings acquired. Model portfolios may also contain no-load or load-waived mutual funds of other fund companies, stocks, bonds and/or exchange traded funds (ETFs), all based on the following criteria: how inclusion adds to the overall portfolio and performance history and, when the considered investment is a fund, the fee structure, the track record of the fund manager, the investment objective and ability to adhere thereto, the industry sector in which they invest and the management style and philosophy. In order to assure the initial determination of an appropriate StEP portfolio continues to be suitable and that the client's account continues to be managed in a manner appropriate to the client's financial circumstance, SIS will maintain client suitability information in the client file. SIS will monitor and, if necessary, rebalance accounts, if SIS believes that a particular asset class or investment is overbalanced or performing inadequately, or if SIS believes that a particular investment is more suitable for the portfolio's goals, SIS will recommend a different balance and reinvest clients' assets accordingly. The most dramatic use of rebalancing typically occurs at the time when a client that previously invested all gains and dividends elects to take monthly periodic withdrawals from the portfolio. Minimum Required Distribution (MRD) rules imposed by the IRS when clients reach age 70 1/2 may drive these withdrawals.

Once the appropriate portfolio has been determined, the portfolio will be managed based on the appropriate model, which largely consists of DFA institutional asset class funds. More information on DFA can be found at [DFAUS.com](http://DFAUS.com).

Doug Stepansky/Frank Pavlica and Colin Kelly also manage investment advisory accounts using diversified asset allocation portfolios consisting primarily of open-ended retail mutual funds other than DFA funds. The portfolios may also contain individual stocks, bonds, ETFs or certificates of deposit,

depending on portfolio or client-specific need. The portfolio and asset class composition is determined separately for each account of each individual client.

Determination of portfolio structure takes into account client risk tolerance, investment history, current holdings, financial status and time until money is expected to be needed, with this information reviewed at least annually. This data is used in addition to the mandatory client financial data required to be collected. This data includes a profile of each client's income, net worth, liquid net worth, portfolio value, tax rate and sources of wealth. All clients' money in accounts is managed on a discretionary basis. Clients will retain individual ownership of all securities.

To insure that the investment management of StEP and other portfolios remains consistent with the client's risk tolerance goals, the investment advisor, on a best efforts basis, will maintain current financial and suitability information in each client file. The portfolios will be rebalanced as determined necessary to keep the client allocation consistent with their pre-determined risk tolerance needs.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

From time to time, SIS may make an error in submitting a trade order on a client's behalf. When this occurs, SIS may place a correcting trade with the broker dealer which has custody of the account. If investments gain results for the correcting trade, the gain will remain in the account unless the same error involved other client's accounts that should have received the gain. If it is not permissible for the client to retain the gain, or SIS confers with the client and the client decides to forgo the gain (e.g. due to tax reasons), if the gain does not remain in the account and Charles Schwab and Cos. Inc. (Schwab) is the custodian, Schwab will donate the amount of any gain over \$100 to charity. If a loss occurs greater than \$100, SIS will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the account, they may be netted.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Certificates of deposit
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

- Send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
- At least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
- Be reasonably available to consult with the client; and
- Maintain client suitability information in each client's file.

#### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2013, we were actively managing \$348,567,000 of clients' assets on a discretionary basis.

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

#### **FEE FOR MONEY MANAGEMENT SERVICES**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 1.325% annually (.0033125 quarterly) to .75% annually (.001875 quarterly). Larger 401(k) plans are generally charged 0.50% annually (.00125% quarterly).

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

## ASSETS UNDER MANAGEMENT ANNUAL FEE

Total Asset Value	Quarterly Fee/ Annual Rate
\$200,000-\$499,999	.33125/1.325
Next \$250,000	.31875/1.275
Next \$250,000	.29375/1.175
Next \$1,000,000	.25/1.000
Next \$3,000,000	.2375/0.950
Next \$5,000,000	.2125/0.850
\$10,000,000 and above	By agreement

## ACCOUNT MINIMUM

\$200,000 AND ABOVE: Portfolios with aggregate account balances of \$200,000 or more will have access to all DFA funds and will be engineered and rebalanced by advisor as needed. Portfolios of \$199,999 and less will a) have access to two funds, the proportion of which will reflect their Risk Tolerance score and, b) clients will be charged 137.5 annually, paid ¼ each quarter.

Exceptions to the account minimum and fee may be made in certain instances. Examples include:

- For portfolios with 75% or greater bond allocation, the annual fee shall be .75.
- For portfolios that start with assets less than the minimum account size but that additional deposits will be made in a reasonable period of time, the total of which meets or exceeds account minimum.
- The client and solicitor may mutually agree to another fee schedule by writing the gross annual fee percentage next to the above fee schedule and initialing such.

**BASIS OF FEES:** Fees will be based on a percentage of the Aggregate Account Balance on the last day of the calendar quarter as per the table above. **NOTE:** If the portfolio is quoted at one fee bracket in the proposal and the client's Aggregate Account Balance portfolio does not reach that fee bracket during any quarter, the client will be charged for the fee for the bracket the portfolio value falls under. Fees are earned as of the commencement of the contact and will be assessed up to 30 days after notice of contract termination is received. Fees will be prorated when assets are managed for a partial quarter. Fees are subject to change upon 30 days written notice by advisor. Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

**PURCHASES OUTSIDE THE ADVISORY AGREEMENT:** Additional normal and customary fees may be incurred by the client, with no offset, if products not covered by this Advisory Agreement are purchased through SIS and/or a third party broker-dealer or duly licensed insurance agent. See the ADV Part 2A and Supplement for more details.



**FEE SPLITTING:** When the advisor solicitor is also a representative and/or a solicitor of a duly licensed broker-dealer or a Registered Investment Advisor, client acknowledges that advisor will generally credit that broker-dealer or Registered Investment Advisor 100 basis points or less from the management fee disclosed in Schedule A, paid  $\frac{1}{4}$  each quarter and from which the Solicitor will be paid accordingly to his/her agreement. Client has been advised that the fee is the same as (not higher) than it would have been had the client worked directly with the advisor.

**LIMITED NEGOTIATION OF ADVISORY FEES:** Although SIS has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client situation, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the advisor and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements 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.

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT FEES**

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

#### **GENERAL INFORMATION**

**TERMINATION OF THE ADVISORY AGREEMENT:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**MUTUAL FUND FEES:** All fees paid to SIS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate

to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**WRAP FEE AGREEMENTS AND SEPARATELY MANAGED ACCOUNT FEES:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisors, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Clients' portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**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.

**GRANDFATHERING OF MINIMUM ACCOUNT REQUIREMENTS:** Pre-existing advisory clients are subject to SIS's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA ACCOUNTS:** SIS is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (ERISA), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SIS may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset SIS's advisory fees.

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

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in advance of services rendered.

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

SIS does not charge performance based fees.

## **Item 7 Types of Clients**

SIS provides advisory services to the following types of clients:

- Pension and profit sharing plans (other than plan participants)
- High net worth individuals
- Individuals (other than high net worth individuals)

## **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:

**ASSET ALLOCATION:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**RISKS FOR ALL FORMS OF ANALYSIS:** Our securities analysis methods rely on the assumption that the companies 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 use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**EFFICIENT MARKETS:** SIS believes that markets are efficient and, for investing purposes, assets are fairly priced. Price risk factors determine the expected rate of return. Diversification reduces the risk of uncertainty. Portfolio asset allocation principally determines results in the portfolio.

A primary source of information utilized by SIS is a domestic, international and emerging market asset class database updated monthly. SIS's investment strategy is a hybrid of Modern Portfolio Theory and Efficient Markets Hypothesis, a passive management strategy, which refers to a buy-and-hold approach to asset management. The practitioner of passive management believes no one can time the market. The focus of the investor should be how much the investor can risk losing and how long they are willing to keep money in the market to capture the gains that, as historical data show, will most likely come. The passive manager practices true diversity. The investor, based on risk assessment of the individual and on historical performance data, selects a variety of funds from fourteen to fifteen asset classes, not just two or three. Historically while an asset class such as US Large Cap Value is down, another asset class, such as International Small Cap Value might go up. Hence the investor benefits from the market's gains while simultaneously off-setting the risk of substantial loss. Additionally, costs are decreased for the investor as trades and trade-triggered taxes are minimized.

**LONG-TERM PURCHASES:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**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.

## **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**

- Clients should be aware that the receipt of additional compensation by SIS and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. SIS endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- The principal executive officers, employees of SIS, and Doug Stepansky, Frank Pavlica, Colin Kelly and solicitors may be separately licensed as registered representatives and investment adviser representatives of firms unaffiliated with SIS that are registered as both a broker-dealer and/or an investment advisor. Associated persons of SIS are also insurance agents or brokers for one or more insurance companies. As such, these individuals, in their separate capacities as registered representatives and/or insurance agents or brokers, will be able to effect securities transactions and/or purchase insurance and insurance-related investment products (insurance) for clients, for which they will receive separate, yet customary compensation. Clients, however, are not under any obligation to engage these individuals when considering implementation of any such transaction.
- Robert Byrns, Chairman, Chief Executive Officer and Treasurer of SIS, is also the owner of Robert Byrns E. A. (Enrolled Agent) (hereinafter RB EA) and in this separate capacity, may provide tax preparation and accounting services as well as other financial consulting services for separate and typical compensation. RB EA may recommend SIS to accounting clients in need of advisory services and SIS may recommend RB EA to advisory clients in need of accounting or tax preparation services. Accounting and tax preparation services provided by RB EA are separate and distinct from the advisory services of SIS, and the fees charged for such services are separate from those charged by SIS to advisory clients. There are no referral fee arrangements between SIS and RB EA for these referrals. No SIS client is obligated to use RB EA for any accounting or tax preparation services and conversely, no accounting or tax preparation services client is obligated to use the advisory services provided by SIS. RB EA is not seeking new tax clients.
- Frank Pavlica, a Certified Public Accountant, provides tax preparation and accounting as Frank Pavlica CPA, PSF. These services are separate and distinct from the Registered Representative/Investment Advisor Representative services performed, and the fees charged for such services are separate from those charged to advisory clients. No tax or accounting client is obligated to use Frank Pavlica for investment advisory services.
- Thomas King, President of SIS, is also Sole Proprietor of a firm doing business as King Profit Performance providing business consulting services to registered representative and principals of broker-dealers. These services may include, but are not necessarily limited to, business and succession planning, technology, and training.

While these individuals endeavor at all times to put the interest of clients first as part of SIS's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Robert Byrns and Thomas King may spend as much as 10% of their time with all of these related and unrelated activities. Frank Pavlica may spend as much as 70% of his time with unrelated activities.

No affiliated person of SIS will act as agent-of- record on accounts managed by SIS.

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- We collect, maintain and document, accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### **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.

SIS 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 record keeping provisions.

SIS'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 [ThosKing@SIS-Incorporated.com](mailto:ThosKing@SIS-Incorporated.com), or by calling us at 708-645-8820.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (a) making decisions in the best interest of advisory clients and (b) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

For newly created "Your Next StEP 401(k)" plans, Defined Benefit and other qualified plans, SIS partners with ASPIRE Financial Services LLC (ASPIRE) or ExpertPlan (EP), which are CEFEX certified record keepers. Both provide the electronic engine for StEP 401-k.com, which allows participants and plan sponsors to have electronic web based portal access to plan administration, information, custom reports and communications tools. Both provide prototype plans, IRS Form 5500 preparation, 1099, 945s, summary annual report preparation and plan updates, when needed. More information on ASPIRE can be found at ASPIRE401k.com and the ASPIRE proposal provided plan sponsors at time of the plan origination. More information on EP can be found at ExpertPlan.com and the EP proposal provided plan sponsors at time of the plan origination.

For individual and trust clients, SIS does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct SIS as to the broker-dealer to be used.

SIS requests that clients direct us to place trades through Schwab Institutional ("Broker"). SIS has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab, if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Schwab, it should be understood that SIS may not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while SIS has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisors require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers, provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by SIS when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

As a matter of policy and practice, SIS does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisors who block client trades.

SIS may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. SIS is independently owned and operated and not affiliated with Schwab.

Schwab provides SIS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit SIS but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;



- Provide research, pricing and other market data;
- Facilitate payment of our fees from clients' accounts; and
- Assist with back-office functions, record keeping and client reporting.
- Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:
  - Compliance, legal and business consulting;
  - Publications and conferences on practice management and business succession; and
  - Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to SIS. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Dimensional Funds Advisors (DFA) provides us with a software program from which we construct portfolios based on historical tendencies of asset classes. Said program contains decades of asset class performance for Domestic (US), International (Europe, Scandinavian countries) and Emerging Markets (South America and Asia). Using this tool helps SIS personnel understand and attempt to optimize portfolio construct. DFA also provides compliance-approved client literature, academic studies and educational sessions designed to first educate and then keep us up-to-date with security and portfolio construct. DFA and SIS are separate-owned entities and have no interlocking management.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. 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 one of more of the following personnel: Robert Byrns, Thomas King, Douglas Stepansky or Colin Kelly.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms (Solicitors) for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and separate disclosure statements (Schedule A fee schedule) that includes the following information:

- The Solicitor's name and relationship with our firm;
- The fact that the Solicitor is being paid a referral fee;
- The amount of the fee; and
- Whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor;
- Any and all potential conflicts of interest (Firm Brochure Supplement).

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is SIS's policy not to 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**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

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 account transactions, 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;
- Determine the amount of the security to buy or sell;
- Determine when to rebalance portfolios to at or near their model allocation.

Clients give us discretionary authority when they sign a discretionary 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 written instructions.

SIS requires that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold in a client's account.

Clients give us discretionary investment authority when they sign a discretionary 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 written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (a) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (b) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

**Item 18 Financial Information**

Under no circumstances do we 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 financial statement.

As an advisory firm that maintains discretionary authority for client accounts, SIS is required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. SIS has no additional financial circumstances to report.

SIS has not been the subject of a bankruptcy petition at any time during the past ten years.