

## **Champion Capital Research, Inc.**

510 Bering, Suite 300  
Houston, Texas 77057

(713) 974-8883

[www.championcr.com](http://www.championcr.com)

March 2014

This Brochure provides information about the qualifications and business practices of Champion Capital Research, Inc. If you have any questions about the contents of this Brochure, please contact the Firm at (713) 974-8883 and/or [campion@championcr.com](mailto:campion@championcr.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. Champion is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

The United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to Clients as required by SEC Rules. This Brochure dated March 15, 2013 is prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that the Firm’s previous brochure did not require.

On an ongoing basis, this item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. The Firm will also reference the date of its last annual update of the Brochure.

In the past, Champion has offered or delivered information about the Firm’s qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC Rules, the Firm will ensure that Clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. Further, Champion will provide Clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Champion’s Brochure may be requested by contacting Mary Kathryn Campion at (713) 974-8883 extension 101 or via email at [campion@championcr.com](mailto:campion@championcr.com). Additionally, the Brochure is available on Champion’s Web site at [www.championcr.com](http://www.championcr.com).

Additional information about Champion is also available via the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with Champion who are registered, or are required to be registered, as investment adviser representatives of Champion.

The Firm has experienced no material changes since the last update on March 31, 2011.

## Table of Contents

ITEM 1 - COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES .....	2
ITEM 3 - TABLE OF CONTENTS .....	3
ITEM 4 – ADVISORY BUSINESS .....	4
ITEM 5 – FEES AND COMPENSATION .....	5
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	5
ITEM 7 – TYPES OF CLIENTS .....	5
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	5
ITEM 9 – DISCIPLINARY INFORMATION.....	7
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	7
ITEM 11 – CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..	7
ITEM 12 – BROKERAGE PRACTICES .....	7
ITEM 13 – REVIEW OF ACCOUNTS.....	7
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	7
ITEM 15 – CUSTODY .....	7
ITEM 16 – INVESTMENT DISCRETION .....	8
ITEM 17 – VOTING CLIENT SECURITIES .....	8
ITEM 18 – FINANCIAL INFORMATION .....	8

## **Item 2 – Material Changes**

The United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to Clients as required by SEC Rules. This Brochure dated March 15, 2013 is prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that the Firm’s previous brochure did not require. On an ongoing basis, this item will discuss only specific material changes that are made to the Brochure and provide Clients with a summary of such changes. The Firm will also reference the date of its last annual update of the Brochure.

In the past, Champion has offered or delivered information about the Firm’s qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC Rules, the Firm will ensure that Clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. Further, Champion will provide Clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, Champion’s Brochure may be requested by contacting Mary Kathryn Campion at (713) 974-8883 or via email at [campion@championcr.com](mailto:campion@championcr.com). Additionally, the Brochure is available on Champion’s Website at [www.championcr.com](http://www.championcr.com).

Additional information about Champion is also available via the SEC’s Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Website also provides information about any persons affiliated with Champion who are registered, or are required to be registered, as investment adviser representatives of Champion. Other than the new format and requirements related to the use of the new version of the Form ADV Part 2A, the Firm has experienced no material changes since the last update on March 31, 2011.

## **Item 4 – Advisory Business**

Champion Capital Research, Inc. (“CCR” or the “Firm”) was formed in August 2003 and is employee owned. CCR provides research and investment advisory services and fiduciary assessments to pension plans, profit sharing plans, high net worth individuals, trusts and trust departments, foundations, and other registered investment advisory companies.

### **Research and Analyses Services**

CCR is an investment advisory firm whose goal is to provide independent advisory services to institutional and family office clientele. The Firm’s primary goal is to improve the quality of information available to clientele through asset allocation modeling, tactical portfolio investment strategies, alternative investment due diligence, and asset/liability implementation and management. CCR may include independent verification analyses, economic forecasts, yield curve analyses, manager research and due diligence, investment policy design and implementation, emerging market research, and asset liability and cash flow analyses.

### **Sub Advisor**

CCR has entered into an agreement with Envestnet Asset Management, Inc. (“Envestnet”) whereby Envestnet has purchased a license to use CCR’s proprietary model for Envestnet’s own clients. CCR is not considered a fiduciary for any of Envestnet’s clients nor is CCR providing specific investment advice to any Envestnet client. Envestnet shall deliver to each prospective client a current copy of Envestnet’s brochure together with the CCR’s brochure. Envestnet will pay an amount from the management fees earned and collected per fees disclosed in contract between firms. Additionally, CCR has entered into an arrangement with other registered investment advisory companies (RIAs) also registered with the SEC. These RIAs appoints CCR as an investment sub-advisor to design, invest, trade, manage and administer portfolio assets. CCR shall be responsible for the investment and reinvestment of those assets of the individual client accounts.

## **Assets Under Management (AUM)**

CCR manages accounts on both a discretionary and non-discretionary basis. As of March 2013, the Firm has approximately \$620 million assets under advisement including fiduciary management clients.

## **Item 5 – Fees and Compensation**

CCR will generally provide both discretionary and non-discretionary consulting services for a fee, based upon a percentage of the client's assets for which consultation is provided. In addition, clients will be responsible for other charges that may apply to the management of their account or custody of their assets. Fees payable to CCR will be negotiable not to exceed 1 point. Fees are payable quarterly in advance, and such fees may be deducted from client's account(s) quarterly. CCR fees are calculated on an incremental basis and are subject to change with thirty (30) days written notice. Notwithstanding the above, certain clients of the Firm with pre-existing relationships may initially be charged fees that are less than those previously set out. With regard to employee related accounts and certain other accounts, the quarterly fees may be less, depending upon a number of factors, including portfolio size, length of employment and relationship to the employee.

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

CCR does not charge any performance fees based on a share of capital gains on or capital appreciation of the assets of a client. CCR received no soft dollar payments, and does not engage in any directed brokerage relationships. We seek to maximize portfolio performance through transparency, independence and low cost efficient money management.

## **Item 7 – Types of clients**

CCR provides portfolio management services to family offices, ultra high net worth individuals, institutions, pensions and profit sharing plans.

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

CCR begins all direct Advisory engagements with its standard investment process: We analyze and organize a client's current situation, by identifying time horizon, income distribution needs, restricted securities, restricted asset classes, tax treatment and any other criteria. CCR's investment management process reviews the current portfolio and determines where improvements may be made in the following areas: fees, asset diversification, investment product diversification and performance, total portfolio risk return profile, and tax efficiency.

Next, the Firm formalizes the assessment into a set of investment policies. Client's investment policy statements (IPS) detail the following: purpose, background, objectives, tax considerations, investment opportunities and constraints, risk and expected return profile, asset allocation constraints, duties and responsibilities of managers, custodians, fiduciaries, & advisors, fiduciary ranking of managers, benchmark determination and optimization, and control procedures.

Implementing the policy requires due diligence to ensure best execution and accurate portfolio placement. At this point, CCR ensures that the implemented portfolio is aligned with the policy portfolio. Finally, CCR monitors each client portfolio and each composite. With the use of international monitoring systems, CCR calculates portfolio performance and attributes the portfolio to specific holding, sectors, countries, and currencies. Using internally generated computer attribution models, CCR can identify the contribution to total portfolio return that is result of tactical moves, asset allocation and security selection.

Portfolios may invest in many different types of securities including but not limited to: stocks, bonds, mutual funds, separately managed accounts, exchange-traded funds or notes, and alternative investments. Section B below

### **Principal Investment Risks**

An investment in CCR Portfolios is not a deposit in any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Accordingly, the loss of money is a risk of investing in the Portfolio. The value of the securities within the Portfolio varies from day to day and over time, and when you sell your security shares they may be worth less than what you paid for them. The following is a summary of the principal risks of investing in the Portfolio.

**Management Risk** – The Portfolios are actively managed portfolios, and the value of an account may be reduced if CCR pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers in which the Portfolio invests.

**Market and Economic Risk** – The value of the Portfolio's investments may decline due to changes in general economic and market conditions. The value of a security may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

**Risks Affecting Specific Issuers** – The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may include a variety of factors, including but not limited to management issues or other corporate disruption, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

**Smaller Company Risk** – Investments in smaller companies may involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

**Foreign Investment Risk** – Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing or emerging countries.

**Credit Risk** – If debt obligations held by the Portfolio are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those debt obligations may decline and the dividends paid by the Portfolio may be reduced. Because the ability of an issuer of a lower-rated or unrated debt obligation to pay principal and interest when due is typically less certain than for an issuer of a higher rated debt obligation, lower-rated and unrated debt obligations are generally more vulnerable than higher rated debt obligations to default, to ratings downgrades, and to liquidity risk.

**Interest Rate Risk** – When interest rates increase, the value of the Portfolio's investments in debt obligations may decline. This effect is typically more pronounced for intermediate and longer-term debt obligations. Decreases in market interest rates may result in prepayments of debt obligations the Portfolio acquires, requiring the Portfolio to reinvest at lower interest rates.

**Liquidity Risk** – Due to a lack of demand in the marketplace or other factors, the Portfolio may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices.

CCR purchases funds (including exchange-traded funds and notes) to implement its portfolio strategies, while CCR will manage custom accounts purchasing individual stocks and bonds. Funds are subject to the same risks listed above. In addition to those risks, exchange-traded funds and notes are traded on the secondary market and trade intra-day. This may lend to more price volatility than a traditional opened mutual fund which prices only once a day.

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

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Firm or the integrity of its management. *CCR had no information applicable to this Item.*

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

CCR is and shall remain independent of other financial industry firms and affiliations.

#### **Item 11 – Code of Ethics, Participation of Interest in client Transactions and Personal Trading**

CCR has adopted a Code of Ethics to ensure that research and analyses by CCR's employees are consistent with the firm's fiduciary duty to its clients and to ensure compliance with legal requirements and the Firm's standards of business conduct. A written copy of the Firm's Code of Ethics is available upon request.

#### **Item 12 – Brokerage Practices**

CCR does not receive any research or other soft dollar benefits from any broker-dealers or third parties in connection with client transactions. Further, CCR does not consider the receipt of referrals when it is recommending third parties or broker-dealers to clients. The Firm does not recommend, request or requires clients to direct brokerage activities specified broker-dealers.

#### **Item 13 – Review of Accounts**

The Firm's Chief Compliance Officer, Mary Kathryn Campion, will review all accounts on an annual basis to ensure that each asset allocation strategy is: (i) suitable to clients' investment objectives; (ii) meets clients' quality standards; and (iii) to make sure that investment objectives are pertinent to the designated portfolio composition. More frequent reviews will be triggered by material changes in variables such as the clients' individual circumstances, product underperformance or style change, the market/financial/economic, or political environment.

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

Neither CCR nor any of its Supervised Persons receives any economic benefits from any persons or entities who are not Clients. Further, CCR or any of its Supervised Persons do not directly or indirectly compensate any person or entity for client referrals.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. CCR urges clients to carefully review such statements and compare such official custodial records to the account statements that CCR may provide. CCR's statements may vary from

custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

CCR receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, CCR observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to CCR in writing.

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

The Firm normally does not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the Accounts.

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

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. CCR is well capitalized, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.