

# Disclosure Brochure

March 21, 2014

## **SF ADVISORS**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of StuFund Advisors, LLC, doing business as SF Advisors (hereinafter "SF Advisors" or the "Firm"). If you have any questions about the contents of this brochure, please contact The Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SF Advisors is an SEC registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, SF Advisors is required to discuss any material changes which have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no such material changes to disclose.

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## Item 4. Advisory Business

SF Advisors has been in business as an independent SEC registered investment adviser since July 2012 and is principally owned by Sergio Sotolongo, Anthony Pascazio and Peter Eppie.

SF Advisors offers a variety of investment advisory services, which include financial planning, portfolio management, and retirement plan consulting services. As of the date of this filing, SF Advisors has \$226,215,935 in non-discretionary assets under management. Prior to the rendering of the foregoing advisory services, clients are required to enter into a written agreement with SF Advisors setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

While this brochure generally describes the business of SF Advisors, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on SF Advisors’ behalf and is subject to the Firm’s supervision or control.

### Financial Planning Services

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SF Advisors offers a range of financial planning services, which may include:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Individual Retirement Planning
- Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving
- Risk Management
- Distribution Planning

In performing these services, SF Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. SF Advisors may recommend the services of itself and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if SF Advisors recommends its own services. Clients are under no obligation to act upon any of the recommendations made by SF Advisors under a financial planning engagement or to engage the services of any such recommended professional, including SF Advisors itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify SF Advisors if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising SF Advisors’ previous recommendations and/or services.

### Investment Management Services

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SF Advisors manages client investment portfolios on a discretionary or non-discretionary basis.

SF Advisors primarily allocates assets among various mutual funds, exchange-traded funds (“ETFs”) and independent investment managers (“*Independent Managers*”) in accordance with the investment objectives of its individual clients. Clients may also engage SF Advisors to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, SF Advisors directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

SF Advisors tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients’ portfolios are managed in a manner consistent with their specific investment profiles. SF Advisors consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify SF Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if SF Advisors determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

These investment advisory services do not include securities brokerage services, as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

### Use of Independent Managers

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As mentioned above, SF Advisors may select or recommend certain *Independent Managers* to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either SF Advisors or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets.

SF Advisors evaluates various information about the *Independent Managers* in which it recommends or selects to manage client portfolios. The Firm generally reviews a variety of different resources, which may include the *Independent Managers*’ public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposures.

SF Advisors also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

SF Advisors continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions*, as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. SF Advisors seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' overall portfolio exposures and investment objectives.

### Retirement Plan Consulting Services

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SF Advisors provides various consulting services to qualifying employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning and Benefits
- Investment Management and Review
- Plan Fee and Cost Analysis
- Retirement Plan Committee Consultation
- Fiduciary and Compliance
- Legacy Plan Services

As disclosed in the *Agreement*, certain of the foregoing services are provided by SF Advisors as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of SF Advisors' fiduciary status, the specific services to be rendered, and all direct and indirect compensation the Firm reasonably expects under the engagement.

## Item 5. Fees and Compensation

SF Advisors offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. In addition, certain of the Firm's *Supervised Persons*, in their individual capacities, may offer securities products under a separate commission-based arrangement.

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**Financial Planning Fees**

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SF Advisors generally charges an hourly fee to provide clients with financial planning services. This hourly rate ranges from \$200 to \$350 for the Firm's financial advisors and \$100 to \$150 for the Firm's administrative personnel.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with SF Advisors. Generally, SF Advisors requires one-half of the financial planning fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. Depending on the arrangement, if the client engages SF Advisors for additional investment advisory services, SF Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning services.

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**Investment Management Fees**

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SF Advisors provides investment management services for an annual fee based on the amount of assets under the Firm's management. This fee varies between 20 and 100 basis points (0.20% – 1.00%), depending upon the size of a client's portfolio and the type of investment management services rendered. This fee is prorated and charged quarterly in arrears, based upon the market value of the assets being managed by SF Advisors on the last day of the previous billing period.

If assets in excess of \$1,000,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

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**Retirement Plan Consulting Fees**

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SF Advisors generally charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the *Agreement*. These fees vary, based on the scope of the services to be rendered, and may range up to \$60,000 per annum for highly complex and involved engagements. In those situations where SF Advisors has agreed to manage a plan's assets, the Firm may also charge an annual asset-based of 12 and 20 basis points (0.12% – 0.20%), depending upon the amount of assets to be managed.

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**Fee Discretion**

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SF Advisors, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be

managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

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**Additional Fees and Expenses**

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In addition to the fee paid to SF Advisors, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

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**Fee Debit**

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The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize SF Advisors and/or the *Independent Managers* to debit its clients' accounts for the amount of the management fee and to directly remit that fee to SF Advisors or the *Independent Managers*. Any *Financial Institutions* recommended by SF Advisors have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to SF Advisors. Alternatively, clients may elect to have SF Advisors send them an invoice for direct payment.

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**Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to SF Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to SF Advisors, subject to the usual and customary securities settlement procedures. However, SF Advisors designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. SF Advisors may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

SF Advisors does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets)



## Item 7. Types of Clients

SF Advisors provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

### No Minimum Account Requirements

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SF Advisors does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than SF Advisors. In these instances, SF Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis and Investment Strategies

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SF Advisors employs an endowment style management strategy focused on risk management, low volatility, and consistent long-term capital appreciation. SF Advisors generally utilizes a combination of largely technical and cyclical methods of analysis, while incorporating various metrics derived from Modern Portfolio Theory ("MPT").

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that SF Advisors will be able to capitalize on such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that SF Advisors is recommending. The risks with cyclical analysis are similar to those of technical analysis.

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual

risk of a particular allocation. Nonetheless, SF Advisors' investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

## Risks of Loss

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential loss.

### *Market Risks*

The profitability of a significant portion of SF Advisors' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that SF Advisors will be able to predict those price movements accurately or be able to capitalize on any such trends.

### *Mutual Funds and Exchange-Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Use of Independent Managers*

SF Advisors may recommend the use of *Independent Managers*. In these situations, SF Advisors continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers*' ability to successfully implement their investment strategies. In addition, SF Advisors generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

**Item 9. Disciplinary Information**

SF Advisors has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

**Item 10. Other Financial Industry Activities and Affiliations****StuFund Affiliates**

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SF Advisors is affiliated with the following companies (collectively the "*StuFund Affiliates*"):

- **StuFund Holdings.** StuFund Holdings is the parent company of Student Funding Group and StuFund Marketing. These companies provide services relating to the origination, distribution, acquisition and analysis of federally-insured and private student loans. Additionally, these entities provide consulting services to colleges, universities and other institutions on topics related to financial aid, debt management and financial literacy.
- **StuFund Finance.** StuFund Finance, which conducts business as SF Staffing Solutions, provides staffing and placement services for temporary and direct hire employees. It may also act as the "employer of record" and "master service provider" for a number of corporate entities.
- **StuFund Finance Partners.** StuFund Finance Partners is a licensed insurance agency and a benefits consulting company, specializing in pension plan consultation.
- **StuFund Realty.** StuFund Realty is a commercial real estate firm that provides commercial real estate consulting services and is authorized to do business in New York and New Jersey

A potential conflict of interest exists to the extent SF Advisors or the *StuFund Affiliates* recommend the services of the other. It is the Firm's policy to fully-disclose all material conflicts of interest, as it seeks to ensure that any such recommendations are aligned with the best interests of clients.

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**Wellbridge Capital – Chairman, Investment Committee**

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Sergio Sotolongo, a Principal of SF Advisors, serves as an Independent Member and the Chairman of the Investment Committee for Wellbridge Capital (“*Wellbridge Capital*”), an unaffiliated private equity firm. In this capacity, Mr. Sotolongo consults with *Wellbridge Capital’s* management team on potential and existing private equity investments. While the businesses of SF Advisors and *Wellbridge Capital* do not overlap, Mr. Sotolongo may be privy to certain material non-public information that he is legally prohibited from acting upon, which could prove disadvantageous to the Firm’s clients. Nonetheless, SF Advisors has procedures in place to ensure that all such conflicts of interest are handled in the best interests of the Firm’s advisory clients.

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**Licensed Insurance Agents**

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A number of the Firm’s *Supervised Persons* are licensed insurance agents and may, in such capacity, effect transactions in certain insurance products under a separate commission-based arrangement. A conflict of interest exists to the extent that SF Advisors recommends the purchase of insurance products where one of its *Supervised Person* receives insurance commissions or other additional compensation. SF Advisors seeks to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned.

## **Item 11. Code of Ethics**

SF Advisors and persons associated with SF Advisors are permitted to buy or sell securities that it also recommends to clients consistent with SF Advisors’ policies and procedures.

SF Advisors has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by SF Advisors or any of its associated persons. The *Code of Ethics* also requires that certain of SF Advisors’ personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings.

Unless specifically permitted in SF Advisors’ *Code of Ethics*, none of SF Advisors’ *Access Persons* may effect for themselves or for their immediate family (e.g., a spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of SF Advisors’ clients.

When SF Advisors is purchasing, or considering for purchase, any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a

decision has been made not to purchase such security. Similarly, when SF Advisors is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;
- Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact SF Advisors to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

### Recommendation or Selection of Financial Institutions

SF Advisors generally recommends that investment management clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*").

SF Advisors may only implement its investment management recommendations after the client has arranged for and furnished SF Advisors with all information and authorization regarding accounts held at their respective financial institutions. Factors which SF Advisors considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* may enable SF Advisors to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, *Schwab* has agreed to compensate clients for any transfer fees that may be assessed for moving their account(s) to *Schwab*. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by SF Advisors' clients comply with SF Advisors' duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where SF Advisors determines that the commissions are 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 a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and

responsiveness. SF Advisors seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom SF Advisors and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. SF Advisors periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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**Brokerage for Client Referrals**

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SF Advisors does not consider, in recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.

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**Directed Brokerage**

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A client may direct SF Advisors in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and SF Advisors will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by SF Advisors. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, SF Advisors may decline a client’s request to direct brokerage if, in SF Advisors’ sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

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**Trade Aggregation**

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Transactions for each client generally will be effected independently, unless SF Advisors decides to purchase or sell the same securities for several clients at approximately the same time. SF Advisors may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SF Advisors’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among SF Advisors’ clients *pro rata* to the purchase and sale orders placed for each client on any given day.

To the extent that SF Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which SF Advisors’ *Supervised Persons* may invest, SF Advisors generally does so in accordance with applicable rules and regulations. SF Advisors does not receive any additional compensation or remuneration as a result of the aggregation. In the event that SF Advisors

determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, SF Advisors may exclude the account(s) from the allocation and the transactions may be executed on a *pro rata* basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist SF Advisors in its investment decision-making process. Such research generally will be used to service all of SF Advisors' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because SF Advisors does not have to produce or pay for the products or services.

#### **Software and Support Provided by Financial Institutions**

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SF Advisors may receive from *Schwab*, without cost to the Firm, computer software and related systems support, which allow SF Advisors to better monitor client accounts maintained at *Schwab*. SF Advisors may receive the software and related support without cost because SF Advisors renders investment management services to clients that maintain assets at *Schwab*. The software and related systems support may benefit SF Advisors, but not its clients directly. In fulfilling its duties to its clients, SF Advisors endeavors at all times to put the interests of its clients first. Clients should be aware, however, that SF Advisors' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SF Advisors' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, SF Advisors may receive the following benefits from *Schwab* through the Schwab Institutional division:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services the Schwab Institutional participants;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

### Account Reviews

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SF Advisors monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews generally are conducted at least quarterly. For those clients to whom SF Advisors provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. All such reviews are conducted by a Principal and/or investment adviser representative of the Firm. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with SF Advisors and to keep the Firm informed of any changes thereto. SF Advisors contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in their financial situations and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time to time or as otherwise requested, investment advisory clients may also receive written or electronic reports from SF Advisors and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from SF Advisors or an outside service provider.



## Item 14. Client Referrals and Other Compensation

### Client Referrals

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SF Advisors may enter into arrangements whereby the Firm provides compensation for client referrals. In the event a client is introduced to SF Advisors by a solicitor, SF Advisors may pay that solicitor a referral fee in accordance with applicable laws, rules and regulations. All referral fees are paid solely from SF Advisors' management fee and do not result in any additional charges to the Firm's clients. In these situations, clients are advised of the solicitation relationship with SF Advisors and are provided with the appropriate brochure prior to or at the time the *Agreement* is executed. All third-party solicitors who are not affiliated with SF Advisors also provide clients with a copy of the solicitor's disclosure statement containing the terms and conditions (including compensation) of the solicitation arrangement.

### Other Economic Benefit

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SF Advisors may receive an economic benefit from a third party (non-client) for providing investment advice to the Firm's advisory clients. This type of relationship poses a conflict of interest, as discussed in Item 12.

## Item 15. Custody

SF Advisors is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by SF Advisors have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to SF Advisors and/or the *Independent Managers* engaged to manage their accounts.

As discussed in Item 13, SF Advisors and/or a third party vendor may also send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the *Financial Institutions* and to compare them with any reports received from SF Advisors or an outside service provider.

## Item 16. Investment Discretion

Clients may grant SF Advisors the authority to exercise discretion on their behalf. SF Advisors is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. SF Advisors is given this authority through a power-of-attorney included in the *Agreement* between SF Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, SF Advisors takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

SF Advisors does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

## Item 18. Financial Information

SF Advisors is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## **SF ADVISORS**

*a Registered Investment Adviser*

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Prepared by:



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*The Adviser's Advisor®*