

***Item 1 - Cover Page***

**SPECTRUM INVESTMENT ADVISORS, INC.**

FORM ADV – PART 2A INFORMATION  
March 26, 2015

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**This Brochure provides information about the qualifications and business practices of Spectrum Investment Advisers, Inc. (“SIA”). If you have any questions about the contents of this Brochure, please contact us at (262) 238-4010. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. SEC registration does not imply a certain level of skill or training.**

**Additional information about SIA (CRD No. 108669) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ***Item 2 - Material Changes***

Since the last annual update to our brochure dated February 13, 2014, the following material changes have been incorporated in the brochure:

- We have added a description of our financial planning services in Item 4.
- We have renamed our “Investment Advisory Services” program as “IRA Consulting Services.”
- We have renamed our “Portfolio Management Services Program” as “Wealth Management Services.”
- We have updated Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss to reference our balanced investment strategy and patented color-coded investment process, as well as to add standard risk disclosures related to the securities in which clients may invest.
- We have updated Item 10 – Other Financial Industry Activities and Affiliations to discuss our relationships with LPL Financial and TD Ameritrade, as well as to update the retirement plan administrators we recommend.
- We have updated Item 12 – Brokerage Practices to discuss market research received by LPL Financial.
- We have updated our assets under management.
- We have made other miscellaneous changes.

Future material changes to this brochure will be noted in this section and provided to clients promptly.

**Item 3**

**Table of Contents**

| <u>Item</u> |   | <u>Page</u> |
|-------------|---|-------------|
| 1           | Cover Page.....   | 1           |
| 2           | Material Changes .....  | 2           |
| 3           | Table of Contents.....  | 3           |
| 4           | Advisory Business .....   | 4           |
| 5           | Fees and Compensation .....   | 7           |
| 6           | Performance-Based Fees and Side-by-Side Management .....                                      | 11          |
| 7           | Types of Clients .....  | 11          |
| 8           | Methods of Analysis, Investment Strategies and Risk of Loss .....                             | 11          |
| 9           | Disciplinary Information.....   | 11          |
| 10          | Other Financial Industry Activities and Affiliations.....                                     | 11          |
| 11          | Code of Ethics, Participation or Interest in Client Transactions and Personal<br>Trading..... | 12          |
| 12          | Brokerage Practices .....   | 12          |
| 13          | Review of Accounts.....   | 14          |
| 14          | Client Referrals and Other Compensation .....   | 15          |
| 15          | Custody .....   | 15          |
| 16          | Investment Discretion .....   | 15          |
| 17          | Voting Client Securities.....   | 16          |
| 18          | Financial Information .....   | 16          |
|             | Privacy Policy .....  | 17          |

## ***Item 4 - Advisory Business***

### **A. Background.**

Spectrum Investment Advisors, Inc. (“SIA”) is registered with the U.S. Securities and Exchange Commission (“SEC”). SIA, formerly known as Christiansen Investments, Inc., began providing advisory services in November 1999. SIA specializes in assisting institutional clients in establishing 401(k) pension and profit sharing plans and in monitoring investments in the plans. It also provides investment counseling and management services to high net worth individuals and other clients. SIA is owned by James F. Marshall, Jonathan J. Marshall and other minority shareholders. SIA does not control any other firm, nor is it under common control with any other firm.

The pension and profit sharing plan consulting services provided by SIA vary from client to client, but generally are designed to assist plan sponsors in (1) formulating investment policies, (2) selecting appropriate investment vehicles to meet their benefit plan objectives, (3) presenting various asset allocation mixes suitable to their objectives, (4) providing periodic plan account evaluation reports, (5) assisting with establishing administrator and custodian searches, and (6) meeting with clients periodically to discuss the performance of the client’s account.

For individual accounts, SIA provides investment advisory services designed to assist clients with selection of investments and periodic monitoring of those investments. Details of each service follows.

### **B. Services.**

#### **Plan Consulting Services**

SIA’s Plan Consulting Services include:

1. **Policy Formation and Financial Summaries.** A defined investment policy is the foundation on which the administration and management of institutional plan assets are built. To properly review investment performance, it must be measured against specific goals and objectives set forth in a client’s written policy statement. SIA helps clients prepare their statement to the extent clients ask for such assistance.

To develop policies and objectives for an institutional account, an SIA representative first meets with the client to obtain background information about the client, the client’s investment objectives, and the composition of the client’s portfolio, or expected portfolio, and investment restrictions. An analysis of that information is then made and, if requested by a client, SIA prepares an investment policy statement for the client’s review and approval. The statement is the framework for the management of plan assets and establishes objectives, risk tolerances, procedural guidelines, performance criteria and performance evaluation requirements.

2. **Selection of Investment Categories.** Once an investment policy is developed, SIA assists a client by recommending various investment categories for the client’s retirement plan. SIA will usually recommend group annuities offered by The Principal Group or Nationwide, or mutual funds from Fidelity Investments, T. Rowe Price, Vanguard, American Funds or other mutual funds, including no-load funds. Group annuities provide a menu of various sub-account investment choices within the annuity to plan sponsors.

3. **Selection of Investment Choices and Asset Allocations.** SIA will make recommendations concerning the investment choices available in annuity sub-accounts and mutual funds. This process is

designed to assist a client in determining the most appropriate mix of assets based on plan objectives and historical rates of return for the various classes of assets, including equities, bonds and cash. Other important factors considered are the client's risk tolerance, and the impact of different types of investments in relation to the client's disbursement and income requirements. Before making such recommendations, SIA reviews historical investment performance data by comparing various asset allocation mixes and their rates of return and risk level.

4. Periodic Reviews and Meetings. On a regular, but non-continuous basis, SIA monitors the performance of the client's investment choices and overall performance of the account and provides periodic advice regarding possible changes to the investment selections. Such reviews are made no less frequently than annually. Meetings, scheduled by mutual agreement between the client and SIA, will be held to discuss investment performance and, if necessary, alternative investments.

As plan investment reviews are made, SIA provides advice regarding whether investment selections should be added or deleted. Such changes may be required if a particular investment is not meeting plan objectives. The final selections are always made by the client.

5. Written Reports. SIA provides clients with a quarterly report which summarizes plan performance against one or more market benchmarks and also appropriate investment style categories.

6. Meeting with Participants. SIA representatives meet initially at a group meeting with plan participants to describe the investments available to them and distribute information about the investments. To the extent time permits, SIA representatives will also answer individual participant questions regarding investment choices and how to allocate assets among them. These meetings generally include discussions of investment mix profiles (model portfolios) appropriate to various investor objectives. SIA may make specific recommendations to participants regarding the final profiles to use to attempt to achieve a particular objective.

7. Custodian and Administrator Selection. Because plan custodian and administrator selections are such an integral part of establishing a plan and having it work, SIA will, if needed, assist clients by recommending appropriate custodians and plan trustees/administrators. To the extent that a client already has a custodian or plan administrator, SIA can, if requested to do so, evaluate the level of services being provided.

All Plan Consulting Services advice is based on information provided by the client. It is the client's responsibility to be certain that SIA has current and accurate information.

#### Spectrum Investor® Fund Monitoring Scorecard™ Services

This service begins by SIA reviewing a client's existing mix of investments made available to the client's plan participants. SIA then provides the client with a Spectrum Investor® Fund Monitoring Scorecard™ report semi-annually, which includes the performance (1 year, 3 year, 5 year, 10 year) of each investment selected by the client; the aggregate historical performance of comparative securities for the same periods; a numerical performance ranking developed by SIA; and the years the client's investment portfolio managers have served as managers.

SIA also meets with representatives of the client, at times mutually acceptable to the client and SIA, to discuss the Scorecard report and investment performance of the client's plan investment selections. SIA also advises a client of appropriate investment categories for the client's retirement plan and about group annuities and mutual funds which are consistent with the investment categories selected by a client.

### IRA Consulting Services

SIA also provides investment consulting services to individuals and others having the need for investment, asset allocation or account performance advice. The service is particularly useful to individuals needing assistance with their IRA accounts.

Services usually begin with SIA analyzing the investments in a client's current portfolio and obtaining information from the client pertaining to the client's financial situation, needs, and investment objectives. After this analysis, SIA then makes recommendations relating to the client's portfolio by identifying one or more mutual funds, annuities or other investments which SIA believes will meet the client's investment objectives. Clients decide whether or not to accept the recommendations or place any orders. SIA's professional staff then periodically reviews the client's account as frequently as the client and SIA mutually agree, or in the absence of a client's instruction, as SIA determines.

### Wealth Management Services

SIA provides investment management services which involve making investments for a client's account, including retirement accounts, based on the individual needs of the client and then managing the investments made. After personal discussions in which goals and objectives based on a client's particular circumstances, objectives and restrictions are established, SIA develops a client's personal investment policy and creates and manages a portfolio based on that policy. SIA manages advisory accounts on a discretionary basis. This means that after obtaining discretionary authority in writing from a client, SIA will make purchases and sales as it deems necessary. Account supervision is guided by the stated objectives of each client (i.e., maximum capital appreciation, growth, income, or growth and income).

SIA creates a portfolio consisting of various mutual funds, exchange-traded funds (ETFs), and other securities, including stocks, bonds, annuity contracts, non-traded real estate investment trusts, and other securities. SIA will allocate the client's assets among these various investments taking into consideration the client's investment objective and overall management style selected by the client. The mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the fund performance history; the industry sector in which the fund invests; the track record of the fund manager; the fund's investment objectives; the fund management style and philosophy; and the fund management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Other types of securities will be evaluated as investment selections based upon the individual goals of the client.

Clients have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

SIA recommends that clients establish a brokerage account at TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), or LPL Financial, LLC, member FINRA/SIPC.

SIA does not assure or guarantee the results of its Wealth Management Services; thus, losses can occur from following SIA's advice pertaining to any investment or investment approach, including conservative investment strategies.

### Financial Planning Services

Clients may also engage SIA for comprehensive financial planning services. Financial planning services may include financial position planning, retirement planning, income tax estimates, business planning and

preparation of a financial plan. All financial planning advice is provided on a non-discretionary basis and clients are responsible for deciding what advice to act upon.

C. Tailored To Client Needs.

Through consultations with the client and as described above, all services provided by SIA are tailored to the individual needs of each client.

D. Wrap Fees.

SIA does not sponsor or participate in any wrap fee program.

E. Managed Assets.

As December 31, 2014, SIA has assets of \$86,104,001 under discretionary management and \$3,791,771 under non-discretionary management.

F. Consolidation Services

Through portfolio management software, SIA provides clients participating in the Wealth Management Program with a consolidated statement of client assets managed by SIA as well as outside assets including real estate, bank accounts, insurance, private equity, business interests and other non-standard assets.

***Item 5 - Fees and Compensation***

A. Fees For Services.

All asset-based advisory fees are due quarterly and are based upon the total market value of assets in the client's account as shown on the last reporting day of the mutual fund or other issuer's statement of account. The initial fee due SIA is equal to the pro rata fee due at the end of the quarter in which the agreement is signed. Thereafter, fees are calculated quarterly. In the event a client's account is terminated prior to the last day of any quarter all fees due SIA are prorated to the date of termination and are due promptly after termination.

SIA may be paid for the services by either an asset-based advisory fee on investments not purchased through representatives, or its representatives receive commissions or Rule 12b-1 fees on investments purchased through them. **Fees do not include both an advisory fee and commission/Rule 12b-1 fee on the same assets.** Depending on the assets under management, clients may pay different types of fees for advisory services provided to a single account. Because fees paid are based upon the nature of assets in the client's portfolio, clients may pay more or less than other clients for similar SIA advisory services because of the composition of their portfolios.

Fees paid to SIA are for SIA advisory services only. The fees do not include, for example, the fees charged by third parties such as third-party managers, or accountants and attorneys assisting with providing the client with accounting and legal advice. Clients also pay commissions on transactions and other account fees to the custodian/broker-dealer providing transaction and custody services. See Item 12, Brokerage Practices. Customary commissions on insurance are also not included.

In addition to SIA's advisory fee for its services, each annuity, ETF and mutual fund in which a client's assets are invested also pays its own advisory fees and other expenses which are described in the annuity's or fund's prospectus. These fees will generally include a management fee and may include a

Rule 12b-1 distribution fee. Depending on the annuity or fund, a client may be able to purchase these investments directly without the services of SIA. In that case, a client would not receive the services provided by SIA which are designed, among other things, to assist the client in determining which mutual fund or annuity sub-accounts are appropriate for a client.

When recommending certain annuities and mutual funds to clients, SIA and its representatives have a conflict of interest since such recommendations may result in either commissions or 12b-1 “trail” fees being paid to the representatives. The receipt of a commission or Rule 12b-1 fee may provide an incentive to SIA to recommend annuities and mutual funds that pay Rule 12b-1 fees or commissions over other investments. Representatives typically assign their commissions and Rule 12b-1 fees to SIA.

There are tax effects pertaining to fund share redemptions, and other sales, made by SIA on behalf of clients. Redemptions and sales are taxable events which may accelerate the recognition of capital gains and losses, and frequent redemptions and sales may result in short-term, rather than long-term, capital gains and losses.

#### Plan Consulting Services Fee

SIA’s fees for Plan Consulting Services cover all of the services described above. The fees to SIA are paid either as a **commission** or **Rule 12b-1 fee** paid to representatives of SIA on investment assets purchased through them, or as a **separate advisory fee** paid to SIA directly on assets not purchased through SIA representatives. Thus, clients may pay, depending on the kind of assets managed, different fees on the same account. **However, fees do not include both an advisory fee and commission on the same assets.**

If a client chooses a group annuity recommended by a representative of SIA, that representative will receive a commission on the sale of the group annuity contract which varies from 25 to 50 basis points (.25% to .50%) annually. The commission is paid to the representative by the representative’s employing broker-dealer. The broker-dealer is paid by the annuity issuer from the percentage fee taken annually as a contract charge by the issuer (approximately 1.0%) annually for providing its advisory and other services. This contract charge may be less than 1% depending on the value of assets.

To the extent that the client chooses **not** to purchase a group annuity or mutual fund which results in revenue paid to representatives of SIA, SIA will bill a client directly for those managed assets at the rate of .15% to .50% of assets annually. These fees are negotiable and are billed by SIA directly to the custodian and are deducted from the client’s plan account.

The asset-based commission and advisory fee calculations described above are based upon the total market value of assets in a client’s plan on the last day of the previous three month billing period and are payable after services are provided. The initial commission or fee due is pro-rated to the end of the calendar quarter in which the agreement is signed. Thereafter, commissions and fees are calculated and due calendar-quarterly. In the event the agreement is terminated prior to the last day of any quarter, all commissions due to SIA representatives, or fees due to SIA, are pro-rated to the date of termination and are due promptly after termination.

In some instances, SIA may elect to charge clients for its services on a **per participant basis**. These fees usually range from \$29 to \$35 per participant per year, billed quarterly in arrears.

Clients may terminate the agreement upon thirty (30) days’ advance written notice to SIA.



SIA reserves the right to change fees for SIA's services upon sixty (60) days' advance written notice. Fees of mutual funds held by clients may change from time to time. Clients will be notified of any such fee changes.

#### Spectrum Investor® Fund Monitoring Scorecard™ Services Fee

Fees are negotiable and are based upon the nature and scope of services requested by a client, number of meetings requested and anticipated time SIA believes it will take to produce its reports. There is a minimum fee of \$2,000 per year. The annual fee is payable in two equal installments of one-half the total annual fee. Fees are billed to clients and due immediately after each Scorecard report is provided to a client. In the event SIA has provided consultation services to a client and the agreement is terminated prior to delivery of a Fund Scorecard™ report, which can occur by the client providing 30 days' advance written notice to SIA, SIA is entitled to an hourly fee which is set at a per hour rate determined at contract signing. The total hourly fees may not exceed the semi-annual fee due under the agreement.

#### IRA Consulting Services Fee

Fees for IRA Consulting Services are negotiable under certain limited circumstances, but are typically paid to representatives of SIA as commissions from the sale of mutual fund shares or Rule 12b-1 fees paid by funds in which the client invests. These fees typically range from .50 to 1.00% annually and are paid to the representatives by the representatives' employing broker-dealer which, in all cases, processes the fund transactions. Fees may also be paid as a commission, deferred sales charge, or annual asset fee (paid by the insurer) from the client's purchase of a variable annuity. Occasional front end loads may be paid to SIA ranging from 2.00% to 5.75%, based on breakpoints and total assets of the individual.

#### Wealth Management Services Fee

Clients compensate SIA on a calendar quarterly basis, in accordance with the following fee schedule. Fees are negotiable and are often set by SIA's representative providing services, thus vary from client to client.

The fee excludes all transaction costs, including brokerage commissions, and other account-servicing costs. Such brokerage costs, if any, and the costs or charges not included in the fee described herein will be separately charged to the account. SIA retains the right to amend the schedule of fees upon sixty (60) days' advance written notice to the client.

SIA's fee schedule is as follows:

#### **Equity and Balanced Accounts**

| <u>Account Size**</u>      | <u>Annual Fee*</u> | <u>Quarterly Fee</u> |
|----------------------------|--------------------|----------------------|
| Up to \$500,000            | 1.00%              | 0.250%               |
| \$500,001 to \$1,000,000   | 0.80%              | 0.200%               |
| \$1,000,001 to \$2,000,000 | 0.60%              | 0.150%               |
| Over \$2,000,000           | 0.50%              | 0.125%               |

### **Fixed Income - Bond Ladder**

| <u>Account Size**</u>      | <u>Annual Fee</u> | <u>Quarterly Fee</u> |
|----------------------------|-------------------|----------------------|
| Up to \$500,000            | 0.50%             | 0.1250%              |
| \$500,001 to \$1,000,000   | 0.40%             | 0.1000%              |
| \$1,000,001 to \$2,000,000 | 0.30%             | 0.0750%              |
| Over \$2,000,000           | 0.25%             | 0.0625%              |

### **Client-Directed**

| <u>Account Size**</u> | <u>Annual Fee</u> | <u>Quarterly Fee</u> |
|-----------------------|-------------------|----------------------|
| Any                   | 0.20%             | 0.050%               |

Different fee schedules may be in effect for certain clients who opened an account prior to July 18, 2013. All accounts are subject to a minimum annual fee of \$2,000

For all accounts, fees are calculated on the basis of the market value of the assets maintained in the account, including any balances in the account held in a money market fund, and are payable quarterly. Fees may be paid in advance or arrears, depending on the client's broker-dealer/custodian and the client's agreement with SIA. The initial fee is charged from the date of inception of services through the end of the first calendar quarter in which the account is open. Thereafter, fees are payable quarterly based upon the market value of assets on the last calendar day of the previous quarter. SIA may, at its discretion, aggregate the value of the account with the value of other client-related accounts for fee calculation purposes. Assets deposited to the account exceeding \$10,000 during any quarter will be charged a prorated quarterly fee based upon the amount deposited and the number of days services were provided to that amount in the quarter. Upon contract termination, clients are obligated to pay SIA all fees earned to date of termination. The contract termination date shall be used as the basis for determining the refund of any pre-paid fees. Fees will be pro-rated on a daily basis from the termination date and any prepaid fees with respect to those days after the termination date will be promptly returned to the client.

### **Financial Planning Services Fee**

Fees are charged to the client on a project or on an hourly basis up to \$400 per hour. Clients must pay 50% of the estimated total fee in advance and the remainder upon completion of services. Upon termination of the agreement, any prepaid unearned fee will be refunded to the client.

### **B. Payment of SIA's Fee.**

Fees payable to SIA for Wealth Management Services and Plan Consulting Services are, with the client's prior permission, generally deducted from the custodial account when due. SIA may liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. Authorization for the deduction of fees from the managed account is contained in the Services Agreement. The client may terminate the authorization for automatic deduction at any time by notifying SIA in writing. Fees for clients participating in SIA's other advisory programs are generally billed directly to the client or the client's custodian on a quarterly basis.

### C. Other Compensation

SIA representatives are also licensed to offer securities and insurance products. SIA representatives will receive customary commissions for the sale (or servicing) of such products should a client decide to make purchases through an SIA representative. Clients are free to purchase such products other than through an SIA representative. This compensation creates a conflict of interest. The receipt of commissions or Rule 12b-1 fees may provide an incentive to SIA to recommend annuities and mutual funds that pay commissions or Rule 12b-1 fees over other investments. An SIA representative may recommend either no-load or load mutual funds for a client's account. In all cases, the investments must be suitable.

SIA may enter into contracts with persons who offer long-term care insurance. To the extent a purchase of such insurance is made, a portion of the sales commission will be paid to SIA.

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

SIA does not charge any performance-based fees. All fees are disclosed in Item 5 above.

### ***Item 7 - Types of Clients/Minimum Account Size***

SIA offers assistance to institutional clients in establishing 401(k) pension and profit sharing plans. It also offers investment consulting and management services to individuals, trusts, estates, corporations and other types of entities.

Generally, the firm does not impose a minimum dollar size on accounts or impose a minimum dollar amount. However, certain group annuity issuers may impose a minimum dollar amount of \$100,000 to open a group annuity account. As noted in Item 5 above, SIA may impose a minimum account fee.

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

#### A. Analyses and Strategies.

SIA generally recommends a balanced strategy of both equity and fixed income securities for client accounts depending on the client's investment policy statement, financial situation and time horizon, among other factors. SIA uses a patented color-coded cyclical system to identify asset classes and investments for client accounts. SIA's security analysis methods include, but are not limited to, charting (using charts to track individual security or market movements over time); fundamental analysis (evaluating securities based upon their historical and projected financial performance); and cyclical analysis (determining the desirability of an issue based upon the status of an issue within the price cycle the security or similar securities have followed historically).

SIA's main sources of information include, but are not limited to, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, public filings and company press releases.

#### B. Risks.

Investing in securities involves risk of loss that clients should be prepared to bear. Neither SIA, nor the third party managers it may retain, guarantee the results of the advice given. Significant losses can occur by investing in any security, including mutual funds and ETFs, or by following any strategy, including those strategies or investments recommended or used by SIA.

### C. Security Risks.

Your account may be subject to the following risks:

- Allocation Risk. At times, our judgments as to the asset classes in which client accounts should invest may prove to be wrong, as some asset classes may perform worse than others or the equity markets generally from time to time or for extended periods of time.
- Management Risk. You must rely upon SIA's or other manager's judgment and upon their investment abilities. There is no guarantee that the manager's investment techniques will be successful. Accordingly, you may lose money.
- Mutual Funds Risk. Mutual funds vary in risk depending on their investments, with aggressive growth funds being more risky than conservative, income-oriented funds. Mutual funds are subject to investment advisory, transactional, operating and other expenses. The value of mutual funds' investments and the net asset value of the funds' shares will fluctuate in response to changes in market and economic conditions, as well as the financial condition and prospects of companies in which the funds invest. The performance of each fund will depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy.
- ETFs Risk. You may lose money investing in an ETF if the value of securities owned by the ETF declines. You could pay more to purchase ETF shares, or receive less in a sale of shares, than the actual net asset value of the shares. In addition, when you invest in an ETF, you will bear additional expenses based on your pro rata share of the ETF's operating expenses. The risk of owning an ETF generally reflects the risks of the underlying securities that the ETF is designed to track and the investment strategies employed by such ETF. The ETF may not track the underlying index.
- Equity Securities Risk. Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions. The value of a company's share price may decline as a result of poor decisions made by management, lower demand for the company's services or products or if the company's revenues fall short of expectations. There are also risks associated with the stock market overall. The stock market may experience periods of turbulence and instability.
- Fixed Income Risk. A bond's market value is affected significantly by changes in interest rates – generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity will entail less interest rate risk but have a lower yield. A bond's value may also be affected by changes in its credit quality rating or the issuer's financial condition.
- Alternative Investments Risks. SIA may recommend that certain clients invest in alternative investments such as business development companies (BDCs), real estate investment trusts or other alternative investments. Alternative investments can be highly volatile and may be illiquid. Alternative investments can focus on a narrow segment of the market, which may increase the overall risks and volatility associated with the investments. Investing in alternative investments is intended for experienced and sophisticated investors who are willing to bear the risk of loss associated with such investments. Alternative investment products are often not subject to the same regulatory requirements as registered products; may have higher fees than mutual funds;

may lack a secondary market for trading; may have restrictions on their transfer; may lack information regarding valuations and pricing; and may have complex tax structures.

#### ***Item 9 - Disciplinary Information***

SIA does not have any disciplinary information to report regarding itself or any of its representatives or other related persons.

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

Investment advisory representatives may be registered representatives of LPL Financial, LLC (“LPL”), a registered broker-dealer. SIA and LPL are unaffiliated firms. SIA representatives may earn commissions or fees for securities products purchased through LPL; thus, a conflict of interest may exist between their interests and those of advisory clients. In addition to providing advisory services to clients of SIA, James Marshall has also been investing in commercial real estate for more than 30 years. He spends approximately 10% of his time performing non-advisory activities.

When providing advice to retirement plan clients, SIA representatives will typically recommend the administrative/trustee services of Empower Retirement, Principal, DWS/ADP, Fidelity, Alliance Benefit Services and BMO Harris Bank, among others.

In return for SIA advisory representatives joining LPL as securities representatives, LPL agreed to pay SIA a one-time fee to offset the expenses associated with transferring client accounts to LPL. SIA pays LPL a percentage of its advisory fees received from clients that use another broker-dealer/custodian as part of SIA’s arrangement with LPL.

Certain SIA clients may use TD Ameritrade as their broker-dealer/custodian. One or more family members of SIA’s advisory representatives are employed by TD Ameritrade.

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

Representatives of SIA are licensed insurance, securities and investment adviser representatives. To the extent that clients choose to purchase annuities and mutual funds through the representatives, the representatives will receive continuing commissions as result of processing the purchase transaction. These representatives, and SIA, have a conflict of interest when representatives receive a commission from the investments they recommend clients purchase. As described below, SIA has adopted a Code of Ethics that is designed to address any conflicts of interest between the interests of clients and the interests of SIA and its staff.

Sales of group annuities and mutual funds to clients made by SIA representatives are made through an unaffiliated broker-dealer, LPL, located in Boston, Massachusetts. Commissions and 12b-1 fees received are assigned to SIA to cover operating expenses. SIA representatives generally do not recommend any other broker-dealer for these execution services.

Employees of SIA may purchase and sell securities which they may also recommend for purchase and sale to clients. In those instances where a transaction for an employee’s account is similar to that recommended for a client, priority is given to the client’s transactions.

SIA has established a Code of Ethics applicable to all persons at the firm who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm’s staff, the Code requires

such “access persons” to obtain preapproval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for client accounts. The Code also establishes certain recordkeeping requirements. The Code is reviewed annually and updated as necessary. A complete copy of the firm’s Code is available upon request.

### ***Item 12 - Brokerage Practices***

As indicated above, sales of group annuities and mutual funds to retirement plan clients are made through LPL.

If the services of the firm are consulting in nature, SIA and its staff do not exercise any discretion in selecting brokerage firms or processing customer transactions. Representatives of SIA will recommend that retirement plan client investment transactions be made through LPL, a securities broker-dealer for which they are registered as securities representatives. SIA receives market commentary and may receive other research from LPL.

For Wealth Management Services, SIA typically recommends the custodial and transaction services of TD Ameritrade and LPL. SIA has chosen TD Ameritrade and LPL based on their overall level of services, programs and support provided to clients and SIA, and will not evaluate the commissions and services of other broker-dealers.

SIA participates in TD Ameritrade’s institutional customer program and SIA may recommend clients maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between SIA’s participation in the program and the investment advice it gives to its clients, although SIA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk servicing advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to SIA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by SIA’s related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for SIA’s personnel to attend conferences or meetings relating to the program or to TD Ameritrade’s advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit SIA but may not benefit its client accounts. These products or services may assist SIA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SIA manage and further develop its business enterprise. The benefits received by SIA through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by SIA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SIA’s recommendation of TD Ameritrade for custody and brokerage services.

SIA also receives from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program.

Specifically, the Additional Services include Morningstar Workstation which SIA uses and finds valuable in connection with researching mutual funds to construct client portfolios. TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and SIA does not pay any fees to TD Ameritrade for the Additional Services. SIA and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

SIA’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to SIA, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, SIA’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with SIA, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, SIA may have an incentive to recommend to its clients that the assets under management by SIA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. SIA’s receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

The custodians recommended by SIA, other than TD Ameritrade, may also, among other services, carry client accounts on their records, process transactions ordered by SIA, provide computer access to SIA for client positions and provide quotes and data needed by SIA for its reports to clients. These services are provided to SIA at minimal or no cost. SIA believes that use of the recommended firm(s) is a convenient means of obtaining efficient transaction executions, account data and reporting services for securities positions. However, receipt of such services at minimal or no cost also creates an inducement and conflict of interest for SIA since referring clients to any other firm(s) may result in higher reporting and overhead costs to SIA.

SIA may sponsor social events, such as golf outings for clients, the expenses of which may be paid, in whole or part, by firms whose products and services are recommended to clients by SIA. The firms absorbing such expenses may include mutual fund companies whose shares are recommended or plan recordkeepers. These expense reimbursements may create a conflict of interest for SIA and its representatives because they would be inclined to continue to recommend the products and services of these providers due to the financial support provided to SIA by them.

An officer of SIA is also a member of the Retirement Adviser Council, an unaffiliated organization that provides services and support to retirement plans and plan participants. From time to time, SIA may co-sponsor educational, networking or social events with the Retirement Adviser Council, the Wisconsin Institute of Certified Public Accountants or other unaffiliated financial, investment or retirement plan industry associations. Such co-sponsored events are not endorsements by the co-sponsoring organization of the products or services offered by SIA.

Clients should be aware that the receipt of economic benefits by SIA described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence SIA's recommendation of those service providers or products.

Other than the services described above, SIA and its representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

Unless a client has directed SIA to conduct the client’s securities transaction through a different broker/dealer, SIA will use the client’s custodian to execute trades on behalf of client accounts. Clients make this direction in the Services Agreement. Clients should be aware of the fact that not all advisers require clients to use a particular brokerage firm. Because clients having accounts managed by SIA are

required to open accounts with, and use the transaction services of, TD Ameritrade or LPL, SIA may not be able to achieve the most favorable execution of client transactions. Thus, use of only TD Ameritrade or LPL may cost clients more money.

SIA does not process transactions through TD Ameritrade or LPL in return for TD Ameritrade or LPL referring new clients to SIA.

When exercising discretion, SIA may combine orders for more than one client's account to form a "block" order for the purpose of seeking a better price and or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which SIA then allocates to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts.

If a client directs SIA to effect transactions through a particular broker/dealer, including TD Ameritrade or LPL Financial, LLC, SIA will do so. However, such an instruction may have implications to the client which may include incurring transaction costs and commissions that may be higher or lower than if the instruction had not been given. Also, restricting SIA to particular broker/dealers may limit SIA's ability to include a client account order within block orders to obtain the best price or execution. In addition, if SIA is effecting transactions in a security for clients by means of a block order, as well as an order in the same security for a client who has directed SIA to use a particular broker/dealer, SIA will effect the block order immediately prior to effecting the directed brokerage trade. Thus, clients directing SIA to use a particular broker/dealer may not receive the same average price for securities bought or sold that would be received if the order was part of a block order.

#### ***Item 13 - Review of Accounts and Reports***

All SIA accounts are reviewed at least quarterly. The reviews include an evaluation of the account's performance over the past quarter, year and five year period, as applicable. All reviews are performed by James F. Marshall, President of SIA and Jonathan J. Marshall, Senior Investment Analyst and Chief Compliance Officer.

SIA provides written reports to each client of the firm at least calendar quarterly. The reports include a performance report showing how well the investments in client's portfolio performed over the last quarter, year and last five years, as applicable. Any questions regarding the reports can be directed to SIA's staff. Reports regarding the value of assets in each client's account are provided by the account administrator.

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

From time to time, SIA may enter into agreements with third parties which provide that SIA will pay a cash fee to the third parties in return for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. In addition, SIA has entered into an agreement with Acceleration Retirement, LLC, a third-party referral service that provides SIA with monthly retirement plan prospects in exchange for a flat fee. Prior to contract signing, clients referred by third parties are provided with information describing the nature of these payments. In all cases, the payments made do not increase or decrease any advisory fee the client pays to SIA. SIA has entered into agreements with a third-party manager, Landaas and Company, whereby SIA is paid a fee for previously referring clients to that firm.

Representatives of SIA are licensed as securities and insurance agents. In these capacities they may offer and sell securities and insurance products to clients and receive customary commissions for doing so.



### ***Item 15 - Custody***

SIA does not take custody of client funds or securities. These safekeeping services are typically provided to managed accounts only by the brokerage firm processing the securities transactions ordered by SIA.

To the extent a client receives any account or other investment ownership statement from SIA, SIA recommends the client carefully compare the information in the report to the information in the custodian's statements.

### ***Item 16 - Investment Discretion***

When providing Wealth Management Services, SIA representatives may exercise discretion when granted authority by clients and most clients grant discretionary authority to SIA. Clients grant this authority in the investment management agreement. When doing so, it allows SIA to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid, without obtaining specific consent from the client for each trade. Clients may limit SIA's discretion through the investment policy statement or through another written agreement contained in the investment management agreement with SIA.

Clients should be aware that representatives may make different recommendations and effect different trades with respect to the same securities and insurance to different advisory clients. Commissions and execution of securities transactions implemented through the custodian/broker dealer recommended by SIA may not be better than the commissions or execution available if the client used another brokerage firm. However, SIA believes that the overall level of services and support provided to the client by custodians and broker-dealers whom SIA recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

Depending on the service agreement, third-party managers used to manage client accounts or portions of client accounts may be hired or terminated by SIA using discretionary authority granted to SIA in the investment management agreement by a client. Such third-party managers also have authority granted by the client to purchase and sell securities at their discretion.

In those instances where an order error occurs by SIA, it is SIA's policy to reverse the order to make the client's account whole.

### ***Item 17 - Voting Client Securities***

SIA and its representatives do not vote proxies on behalf of clients who will receive such notices from their account's custodian. SIA also does not take any action on legal notices it or a client may receive from issuers of securities held in a client's managed account. However, SIA is available to answer questions regarding such notices.

### ***Item 18 - Financial Information***

SIA does not receive fees of more than \$1,200 six months or more in advance, thus no financial statement for SIA is attached. SIA does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

## **NOTICE OF OUR PRIVACY POLICY**

Spectrum Investment Advisors, Inc. ("SIA") is committed to protecting the privacy and security of the nonpublic personal information that you provide to us. SIA has adopted policies and procedures we believe are reasonably designed to protect the nonpublic personal information of our clients.

This notice will help you understand the types of information we collect and maintain, how that information is used and the safeguards in place to protect it.

### **Information We Collect and Maintain**

We collect personally identifiable financial information from you when you open an account or conduct transactions in a SIA account. We collect this information from your account application, your transaction forms and information about your transactions, which we obtain while servicing your account. Examples of personally identifiable information that we may collect include:

- Name and address
- Social security or taxpayer identification number
- Assets
- Income
- Account balance and positions
- Investment activity and history
- Accounts at other institutions

### **What We Do With Your Personal Information**

We do not disclose any nonpublic personal information about current or former clients or their accounts to third parties except:

- when needed to complete your transactions or to provide services that you have requested or authorized;
- as permitted by law; or
- as directed by you.

In the normal course of serving clients, information we collect may be shared with companies that perform various services such as investment managers, custodians and broker-dealers. These companies will use this information only as necessary to provide services to you and as allowed by applicable law. In addition, we may disclose your nonpublic personal information to LPL Financial, LLC, a broker-dealer firm that has regulatory requirements to supervise certain activities of our employees who are representatives of LPL Financial.

In addition, at your request, we may disclose information to attorneys, accountants, securities professionals and others to assist us, or them, in providing services to you.

In all such cases, we provide the third party with only the information necessary to carry out its assigned responsibilities and only for that purpose. We also require these third parties to treat your private information with the same high degree of confidentiality that we do.

We will release information about you only if you direct us to do so, if we are compelled by law to do so, or in other legally limited circumstances (for example, to prevent fraud or to comply with the anti-money laundering provisions of the USA PATRIOT Act).

### **How We Safeguard Your Personal Information**

SIA maintains strict physical, electronic and procedural safeguards to protect the confidentiality, integrity and security of your nonpublic personal information. These safeguards include procedures regarding physical security, data security, and records retention.

We restrict access to information about you to those SIA employees who need to know the information in order to provide services to you.

### **Further Information**

For additional information regarding our privacy policy, please contact us by writing to us at 6329 West Mequon Road, Mequon, Wisconsin 53092, or calling (262) 238-4010.