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## **ADV Part 2A (the “Brochure”)**

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This Brochure provides information about the qualifications and business practices of Strategic Partners Investment Advisors, Inc. (“SPIA” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 914-332-5842 or [notify@spiaportfolios.com](mailto:notify@spiaportfolios.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

SPIA is registered with the SEC under the Investment Adviser’s Act of 1940 (the “Adviser’s Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional information about SPIA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

SPIA does not have any material changes to disclose since our last Brochure filing on March 30<sup>th</sup>, 2015. Other amendments were made to this Brochure, however, and consequently we encourage you to read this Brochure in its entirety.

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#### **Item 4 – Advisory Business**

SPIA was founded in October 2000 by Thomas Samuel Ambrosio and Harris May. SPIA is principally owned by Harris May.

SPIA creates and manages tax-exempt and taxable municipal bond portfolios, primarily for the clients of registered investment advisors (“RIA”s). In addition, the firm manages equities in the form of municipal bond exchange traded funds (“ETF”s) and a model portfolio under the name Municipal Active Exchange Trade Fund Model, for which the firm will report assets under advisement (“AUA”) rather than assets under management (“AUM”). The clients of the RIAs that SPIA provides services for are generally, but not limited to, individuals, families, trusts, estates, charitable, religious organizations and corporations.

The majority of RIAs access the firm’s services through contractual arrangements with wrap programs. However, SPIA also manages the separate accounts of RIA clients who do not engage a wrap sponsor. SPIA’s management of portfolios offered via wrap products and directly through an RIA do not differ. SPIA is a portfolio manager in the following wrap fee programs:

Mount Yale

*Sponsor*

Mount Yale Investment Advisors

Advisor Enterprises

*Sponsor*

Investnet Asset Management

Premier Plus

*Sponsor*

FundQuest

Advisor Enterprises

*Sponsor*

National Financial Partners

Sustainable Investment Solutions

*Sponsor*

First Affirmative

Folio Dynamics Managed Account Platform

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*Sponsor*  
Folio DX

Managed Account Solutions  
*Sponsor*  
Pershing

ETF Model Management  
*Sponsor*  
Sawtooth Asset Management

Managed Model Management  
*Sponsor*  
WealthCare Capital Management

At the inception of a client's account, a client has the opportunity to impose reasonable restrictions, limitations and/or guidelines on his portfolio. These may include, but are not limited to, state-specific portfolios and socially-responsible portfolios. This information is collected by the RIAs and communicated to SPIA via an investment policy statement.

As of March 31<sup>st</sup>, 2015, SPIA's AUM includes \$344,315,930 for approximately 395 accounts on a discretionary basis, and \$12,416,703 for 5 accounts on a non-discretionary basis. AUA total \$970,353 as of March 31<sup>st</sup>, 2015.

## **Item 5 – Fees and Compensation**

SPIA's management fees are based on a percentage of assets under management. The maximum management fee for managing an account is generally 35 basis points annually. Fees are determined case-by-case and are negotiable based upon the size of an account.

In a wrap product, a client will pay a wrap fee that may include but is not limited to custody fees, brokerage costs and financial planning fees. SPIA's management fee is exclusive of the rest of the wrap fees charged by the sponsor of the program.

Depending on the wrap program, fees are paid quarterly either in arrears or in advance. SPIA may deduct fees directly from a client's custodial account, or bill the primary advisor or client directly. The specific manner in which fees are charged by SPIA is established in a client's written agreement with the sponsor and SPIA.

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Fees payable in arrears are based on either the market value of AUM on the last business day of the quarter, or the average market value of AUM on the last business day of each month within the quarter. Fees payable in advance are based on the market value of AUM on the last business day of the previous quarter. Fees are prorated upon termination of the advisory relationship and with respect to any capital contributions or withdrawals made during the quarter.

SPIA may manage bond portfolios for clients that are not part of a wrap fee program. The fee range is the same as that of the wrap fee program.

When investing in managed accounts and wrap accounts, the clients' accounts may be subject to fees and expenses in addition to SPIA's management fee. These fees may include, but are not limited to, brokerage commissions, transaction fees, custodial fees, deferred sales charges, odd-lot transaction costs, differentials, transfer taxes, wire transfer and electronic fund fees, taxes, and other related costs and expenses. Mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SPIA's fee, and SPIA shall not receive any portion of these commissions, fees and costs. It is the responsibility of the client to determine if fees charged by all related parties are calculated correctly.

Please refer to Item 12 of this Brochure for a more detailed discussion of SPIA's brokerage practices.

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

SPIA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

SPIA provides portfolio management advice for the management of both taxable and tax exempt municipal bond portfolios. SPIA's clients include, but are not limited to, individuals, trusts, estates, charitable and religious organizations, and corporations and other business entities. SPIA does not provide investment services to ERISA or other similar pension plans.

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SPIA stipulates that the minimum initial investment in any given portfolio or portfolio type is generally \$250,000. SPIA reserves the right to accept smaller account sizes or even waive this minimum at its discretion.

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

SPIA's general strategy for both tax exempt and taxable municipal bonds is a multi-step process. SPIA first focuses on securities from sub-sectors of the municipal bond market that have the lowest frequency of default and the highest recovery from default. Then, from these sub-sectors, SPIA screens securities based upon their individual credit worthiness and frequency of reporting their financials. At this point SPIA attempts to purchase bonds from the highly recognizable names that provide a high degree of liquidity. Finally, SPIA looks at the structure of a bond and how it contributes to the overall portfolio.

SPIA uses several traditional forms of investment analysis in executing its strategy, including, but not limited to:

- Fundamental Analysis - the method of attempting to measure a security's intrinsic value by examining economic, financial, qualitative, quantitative, macroeconomic and issuer-specific factors;
- Quantitative Analysis – a method of analysis using mathematical or statistical measurements; and
- Qualitative Analysis – a method of analysis that uses non-quantifiable information such as knowledge of certain geographic regions,

Investing in securities involves risk of loss and clients should be prepared to bear that loss. While SPIA strives to produce the highest possible return for a given level of risk, it cannot guarantee that the investment objective or goal will be achieved. Some investment decisions made by SPIA may result in loss, which may include a partial or complete loss of the original principal amount invested.

Risks may include, but are not limited to:

- Market Risk - This is an exposure to the movements in the overall market. It is also referred to as “systematic risk.” It is a risk that cannot be eliminated with diversification.
- Interest Rate Risk - This is the risk that the value of an investment will change due to a change in the overall level of interest rates or interest rate relationships.

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- **Liquidity Risk** - Liquidity risk arises from an inability to quickly and efficiently turn an asset into cash. It is usually reflected by a wide bid-ask spread.
- **Political Risk** - A municipal bond portfolio's returns can be affected by a perceived legislative changes in the federal tax code that would make municipal bonds unattractive to high income individuals and families.
- **Credit Risk** - Credit risk is the potential loss of principal that occurs from a borrower's difficulty or perceived difficulty in paying interest and repaying principal from a loan.
- **Reinvestment Risk** - This occurs when a majority of bonds in a portfolio mature at approximately the same time. This forces an investor to reinvest most of their proceeds back into the market in one interest rate environment.

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

Neither SPIA, nor its employees, officers or directors have been involved in any legal or disciplinary events in the past ten (10) years that would be material to a client's evaluation of our firm.

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

Neither SPIA, nor its employees, officers or directors have any relationships or arrangements with other financial services companies that pose material conflicts of interest.



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### **Item 11 – Code of Ethics**

Pursuant to SEC Rule 204A-1, SPIA has adopted a code of ethics (the “Code”) applicable to all supervised persons of the firm. The Code describes SPIA’s standard of business conduct and fiduciary duty to its clients. The Code includes, among other things, provisions relating to the confidentiality of client information, prohibitions on insider trading, prohibitions of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and personal securities trading procedures.

All supervised persons at SPIA must acknowledge the terms of the Code annually, and/or as amended. All employees of SPIA are expected to commit to the duty of:

1. Placing the interest of clients first;
2. Having a reasonable basis for any investment advice;
3. Seeking best execution of client security transactions for transactions that SPIA directs;
4. Making investment decisions consistent with any mutually agreed upon client objectives, strategies, policies, guidelines and restrictions;
5. Treating all clients fairly;
6. Making full and fair disclosures to clients of all material facts about the advisory relationship, particularly regarding conflicts of interest, and;
7. Seeking prior approval before placing personal security trades;
8. Respecting and protecting the confidentiality of client personal information.

SPIA will provide a copy of our Code to any client or prospective client upon written or verbal request.

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## **Item 12 – Brokerage Practices**

SPIA has a fiduciary duty to attempt to obtain best execution for all of its clients. SPIA consideration of best execution includes, among other factors, the following: Reputation of the broker-dealer, financial strength of the broker-dealer, net price, size of the order, difficulty of execution, confidentiality, market access, error and resolutions, order of call, custody, knowledge of spreads, time of execution and other matters incidental to the broker-dealer service.

In some circumstances, a client will designate a broker-dealer through which trades are to be transacted or through which transactions may be introduced, typically under such terms the client negotiates with a particular broker-dealer. Where a client has directed the use of a broker-dealer, SPIA generally will not be in a position to negotiate commission rates or spreads freely, or, depending on the circumstances, to select broker-dealers based on best execution. SPIA procedures under these circumstances do not allow for the transactions to be aggregated. Clients who direct the use of a specific broker-dealer to execute transactions should be aware that this may result in higher commissions, greater spreads, or less favorable net proceeds than might be the case if SPIA were empowered to negotiate commission rates or spreads freely or to select broker-dealers based on best execution.

When consistent with the best interests of SPIA's clients, orders being placed at the same time in the same security for two or more clients may be aggregated. This practice may enable SPIA to seek more favorable executions and net proceeds for the combined order. Any orders placed for execution on an aggregated basis are subject to SPIA's order aggregation and allocation policy procedures set forth below.

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1. **Account Eligibility:** Transactions for any client account may NOT be aggregated for execution if the practice is prohibited by, or inconsistent with, that account's investment management agreement and SPIA's order allocation policy. Portfolio managers are not obligated to include all accounts in all aggregated orders.
2. **Account Guidelines:** The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate and consistent with the account's investment objectives and with any investment guidelines or restrictions applicable to the account that are on file with the firm.
3. **Best Execution:** Client transactions may be aggregated for the purpose of obtaining best execution. No advisory client will be favored over any other client. Each client that participates in an aggregated order will participate at the average share price for all applicable SPIA transactions in that security, with all transactions costs shared PRO RATA, based on each client's participation in the transaction.
4. **Written Order Tickets:** Prior to entry of an aggregated order, a written order ticket must be completed by the portfolio manager (or his designee) which identifies each account participating in the order and the proposed allocation of the order. The order ticket should indicate both the minimum amount (either in dollars or number of securities) that the portfolio manager will accept for each account.
5. **Partial Fills:** If the entire order cannot be executed at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated PRO RATA among the participating accounts in accordance with initial order ticket or other written statement of allocation. However, adjustments to this PRO RATA allocation may be made to avoid having odd amounts of securities held in any one account, or to avoid deviations from pre-determined minimum/maximum holding limits established for the account.
6. **Average Price:** Each account that participates in the order must do so at the average price for all the transactions and must share any transaction costs on a PRO RATA basis.
7. **Written Explanation:** If the order will be allocated in a manner other than stated in the initial statement of allocation, a written explanation of the change must be provided to the portfolio manager and approved by the compliance officer no later than the morning following the execution of the trade.
8. **Account Records:** Account records must reflect separately for each account in which transactions have occurred within that account, including aggregated transactions and the securities which are held for each account.

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- 9. Client Funds:** Funds and securities for aggregated orders should be clearly identified on SPIA's records and to the brokers or other intermediaries handling the transactions, by the appropriate account numbers for each participating account. Client funds and securities should not be held collectively any longer than necessary to settle the purchase of sale.
- 10. Fair Treatment:** No account pursuing similar investment objective will be favored over another.

SPIA receives sell-side research from broker-dealers; this research is made publicly available to specific populations, such as to the clients of the broker-dealers. SPIA does not however direct trades in order to obtain this research. SPIA has no soft dollar arrangement with broker-dealers.

When liquidating securities from a client account, SPIA will solicit competitive bids from dealer firms throughout the country. However, there are times when the firm will make offerings on client securities rather than seek competitive bids.

### **Item 13 – Review of Accounts**

The suitability of an account is not determined by SPIA, rather by the clients' RIA and/or the wrap platform. SPIA's function is to manage the strategy as outlined by the client's written agreement with his or her RIA.

SPIA has developed proprietary software to be used in combination with other internal practices for the continuous review of client portfolios. A front-end proprietary system was developed to assist portfolio managers and clients in determining funding and initial allocation strategies. A back-end system was developed to assist portfolio managers in monitoring the quality of the client portfolio following the initial funding of the account. These reviews take on an as-needed basis but no less frequently than quarterly. The process takes into account the portfolio's interest rate risk profile and assists the portfolio manager in determining if the stated objectives of the client portfolio are being met.

Harris May, David Press, John Gangi, Christina Viapiano, Courtney Eudaly and David May are the portfolio managers responsible for the review of all accounts. Portfolio reviews take place at least a quarterly, in addition to times of extreme market turmoil, political unrest, financial crises or other market conditions.

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The clients' custodian, RIA, or other third-party may produce written portfolio reports, generally on a quarterly basis, which may include, but are not limited to:

1. A complete list and description of portfolio holdings; and
2. Graphics showing overall portfolio structure (including ratings, maturity, duration and sector profiles).

SPIA, however, does not produce any written report directly for the benefit of the client on any pre-determined schedule.

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

Other than that already described in the Brochure in connection with our management of wrap-fee accounts, our firm does not receive any additional compensation from third parties for providing investment advice to our clients.

SPIA has entered into contractual arrangements with individuals or entities who may solicit clients for the firm. The arrangements are made in writing pursuant to Rule 206(4)-3 of the Adviser's Act. Rule 206(4)-3 requires, among other things, that such solicitors must, at the time of the solicitation, provide the client with a copy of the firm's Form ADV Part 2A and any supplements, along with the firm's privacy policy. The solicitor must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between our firm and the solicitor, the compensation for solicitation, and whether advisory fees for solicited clients are higher than for other clients that otherwise were not referred or solicited due to compensation paid to the solicitor.

SPIA will pay referral fees to certain individuals who solicit business on behalf of the firm. Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, referrals may be made even if SPIA's advisory services are not suitable to a particular client's needs or entering into an advisory relationship with SPIA is not in the best interest of the client. As these situations represent a conflict of interest, SPIA has established the following restrictions in order to ensure our fiduciary responsibilities. They are as follows:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Adviser's Act, and any corresponding state securities law requirements;

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2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor at the time of the solicitation, will disclose the nature of their solicitor relationship and provide each prospective client with a copy of the Firm ADV Part 2A, together with a copy of the written disclosure statement from the solicitor to the client, disclosing the terms of the solicitation arrangement between SPIA and the solicitor, including the compensation to be received by the solicitor;
4. All referred clients will be carefully screened to ensure that our fees, services and investment strategies are suitable to their investment needs and objectives. SPIA does not rely on the solicitor in any capacity to qualify the investment objectives of a referred client.

#### **Item 15 – Custody**

SPIA client accounts are held in custody by unaffiliated broker-dealers, banks or similar institutions. However, on a limited basis and with prior approval from select custodians, SPIA will access client accounts to debit SPIA advisory fees. Account custodians send statements directly to the account owners on at least a quarterly basis and send a duplicate version to SPIA. Clients should carefully review these statements and compare them to any account information that may have been provided by SPIA.

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

SPIA accepts discretionary authority on behalf of its clients. Investment discretion is generally assigned at the outset of an advisory relationship. SPIA receives funds through the RIA or wrap sponsor with which it has an omnibus contract granting discretionary authority of the management of the underlying accounts.

SPIA allows clients to impose individual restrictions and/or limitations on their accounts; these conditions must be stated in writing as part of investment guidelines and/or investment policy statements prior to the execution of trades.

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

As a matter of firm policy and practice, SPIA does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the right and therefore the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients may receive their proxies directly from their custodians or transfer agents. However, SPIA may provide advice to clients, on a limited basis and when solicited, regarding the voting of proxies. Clients may contact SPIA with any questions about a particular solicitation.

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

SPIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.