

# Form ADV Part 2A

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## Item 1 INTRODUCTION

### SGL Investment Advisors, Inc.

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Missoula, MT 59802

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

June 2015

This Brochure provides information about the qualifications and business practices of SGL Investment Advisors, Inc. (SGLIA). If you have any questions about the contents of this Brochure, please contact our office at 800-823-8234. The information provided in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SGLIA, and person's affiliated with SGLIA who are registered or required to be registered, as Investment Advisor Representatives, can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search by using our CRD number 145167.  
(The CRD number is a specific identifier of our firm)

SGLIA is a registered Investment Advisor. Registration of an Investment Advisor does not imply any specific level of skill or training.

## Item 2 MATERIAL CHANGES

Regulations require that we disclose material changes in our Brochure and provide that information to our customers. You will be provided a summary of any material changes within 120 days of the close of the business' fiscal year of June 30<sup>th</sup> if applicable. Any future changes will be noted in this section and will reference the date of our last annual update to the Brochure. You can request a copy of our Brochure by contacting our Compliance/Operations department either by telephone or in writing to the address or phone number listed on the cover page of this disclosure document.

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## Item 4 ADVISORY BUSINESS

SGLIA has been an Investment Advisor since 2005. Prior to 2005, advisor services were provided by its affiliated broker dealer S.G. Long & Company. SGLIA and SG Long & Company are wholly owned by a parent corporation, SG Long Financial Services Corp. SG Long Financial Services, Corp is an employee owned entity based in Montana.

Our Investment advisory services include:

- A comprehensive evaluation of your portfolio, investment strategy, and risk tolerance.
- Education on investing and portfolio planning.
- Assistance with drafting your Investment Policy Statement which is the guideline you provide, review and approve for us to utilize in the management of your portfolio.
- In exceptional circumstances, we can allow a deviation from the basic model to accommodate a client's request to restrict a specific security or type of securities.
- Ongoing monitoring of your investment results and account performance.
- Execution of trades on a discretionary basis, SGLIA does not manage accounts on a non-discretionary basis.

As of June 30, 2015 SGLIA has assets under management of \$118,000,000 managed on a discretionary basis. Our advisory services are tailored to meet the individual needs of our customers and we offer several investment models to meet that demand.

## Item 5 FEES AND COMPENSATION

**Fees for Portfolio Management Services** – (see fee schedule below)

Annual fees are calculated and charged quarterly as a percentage of assets under management. When breakpoints are met, the percentage is charged on the total account value (the fees are not "stratified"). Fees are due in advance and are normally deducted directly from the account. For new accounts fees are pro-rated and due at the time the account is established. Clients have a "free look" period of 5-days to cancel any new agreement. The clearing firm for the broker dealer assesses a \$3.00 per transaction charge for postage and handling.

SGLIA does not receive compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

### **Private Client Services**

Designed for clients whose primary objective is growth, total return, or capital preservation.

Accounts will be actively managed according to the risk profile indicated on their advisory agreement. There is typically a \$250,000 minimum investment required for this type of account. The annual fees for the accounts are detailed below:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 – \$1.5 million	1.5%
\$1.5 million to \$2.5 million	1.375%
\$2.5 million to \$5 million	1.25%
\$5 million to \$7.5 million	1.15%
\$7.5 million to \$10 million	1.00%
\$10 million to \$15 million	0.85%
\$15 million to \$25 million	0.75%
\$25 million & above	0.65%

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### **Income Portfolio Services**

Designed for clients whose primary objective is income. Accounts will be actively managed, but turnover may be lower than Private Client Services portfolio. There is typically a \$250,000 minimum investment required for this type of account. The annual fees for the accounts are detailed below:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 to \$10 million	.75%
\$10 million to \$25 million	.65%
\$25 million and above	.55%

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### **Non-Profit Portfolio Services**

Designed strictly for non-profit organizations. There is typically a \$250,000 minimum investment for this type of account. The annual fees for these accounts are as detailed below:

<u>Assets Under Management</u>	<u>Annual Fee</u>
0 – \$1 million	1.0%
\$1 million to \$10 million	.75%
\$10 million to \$25 million	.65%
\$25 million and above	.55%

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### **Termination**

Clients have the option of terminating their management relationship at any time during the billing period. Investment advisory fees will be prorated and refunded upon termination.

## **Item 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SGLIA does not charge performance based fees. Fees will increase or decrease based on a client's total assets under management.

## **Item 7 TYPES OF CLIENTS**

Investment Advisory services are provided for individuals, trusts, retirement plans, high net-worth individuals, charitable organizations, and corporations.

## **Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

SGLIA offers a variety of diversified portfolios. We utilize asset allocation models that employ a methodology to determine appropriate securities based on each customer's individual investment objective and risk tolerance. Our specialists combine a macro-economic analysis with a company specific review to identify securities that we expect to outperform their peer group and/or the market as a whole. Within each of its composite models, individual portfolios are evaluated on a periodic basis to ensure they are performing in a manner similar to the composite model in which they participate.

\*Disclosure: Investing in securities involves a certain amount of risk of loss that clients should be aware of and prepared to bear. The inherent risks involved in such an approach include the risk of unexpected or unanticipated events adversely influencing the securities selected by SGLIA, the risk that capital markets may not perform as anticipated, in addition to the risk that SGLIA incorrectly analyzes one or all of the variables involved in the business mix of the companies in which we invest.

## **Item 09 DISCIPLINARY INFORMATION**

SGLIA has no legal or disciplinary events to disclose.

## **Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

SGLIA is a Registered Investment Advisory firm that has officers, directors, management, and staff personnel who are also associated with its affiliated broker dealer, SG Long & Company, as well as with its parent corporation, SG Long Financial Services, Corp. SG Long Financial Services, Corp is an employee owned and operated company. We are required to inform our clients that this employee/owner relationship creates an inherent conflict of interest in that the common ownership can inure to the benefit of some of these individuals in the selection of SG Long & Company as a broker dealer. In addition, all three corporations share a physical location.

## **Item 11 CODE OF ETHICS**

SGL Investment Advisors, Inc. (SGLIA) adopted a Code of Ethics reasonably designed to prevent fraud by reinforcing fiduciary principles that govern the conduct of our advisory firm and its personnel. Our intent is to promote an atmosphere of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. It is our goal to assure that all employees understand the importance of their responsibilities to the client and to set

forth standards for compliance with this responsibility. A copy of the SGLIA Code of Ethics will be provided to any client or prospective client upon written request to our Compliance Department at 283 W. Front Street, Suite 302, Missoula, MT 59802.

## **Item 12** BROKERAGE PRACTICES

SGL Investment Advisors, Inc. does not have the discretionary authority to determine the broker dealer to be used. Our clients must direct us as to the broker dealer to be used. However, SGL Investment Advisors, Inc. usually advises clients to direct SGL Investment Advisors to place trades through its affiliated broker dealer, S.G. Long & Company. Clients should be aware that S.G. Long & Company is compensated by SGL Investment Advisors, Inc. for execution of its transactions in client accounts and receipt of such compensation to the broker dealer from its affiliated Investment Advisory firm can be considered a conflict of interest. Not all Investment Advisory firms recommend transaction execution to an individual broker dealer.

SGL Investment Advisors has evaluated S.G. Long & Company, and their clearing agent RBC Capital Markets CS, and believes that it will provide our clients with a blend of execution services and professionalism that will assist SGL Investment Advisors in meeting its fiduciary obligations to clients. SGL Investment Advisors reserves the right to decline acceptance of any client account where the client directs the use of a broker dealer if SGL Investment Advisors believes that this choice may hinder its fiduciary duty to the client and/or its ability to service the account. Clients should note, while SGL Investment Advisors has reasonable belief that S.G. Long & Company is able to obtain best execution and competitive prices, SGL Investment Advisors will not be independently seeking best execution price capability through other broker dealers. If a client directs SGLIA to place trades through another Broker Dealer or clearing firm, the client will be responsible for all transaction costs related to that accommodation. Our clients should be aware that by directing transaction with another broker dealer, he/she may not achieve the most favorable execution of transactions and this practice may cost the client more money to execute.

SGLIA as a matter of practice buys and sells “blocks” of securities in an “average price account” and allocates the purchase among its clients. This allows our customer accounts to receive comparable pricing.

Occasionally, a transaction for a security in your Investment Advisory account may also be transacted in the account of an associated person or his/her immediate family. This creates a conflict of interest. It is our policy that transactions of this nature are typically completed in our Investment Advisory accounts, before transaction in related parties accounts can be completed. Should our related parties execute a transaction at a better market price simultaneously with that of our clients, we will adjust the pricing so our customers receive an equally beneficial or better price. Whenever possible, we request transactions in the same security are not transacted by related persons on the same day as those transacted in client accounts.

### **Item 13 REVIEW OF ACCOUNTS**

The money managers and investment team members typically meet on a weekly basis to review selected accounts and discuss strategies. Client statements are reviewed by senior money managers, Susan Williams and/or Scott Long, or their designees prior to each quarterly mailing to the customers. Quarterly statements include an asset summary statement, allocation analysis, performance review/analysis, and an index comparison. Clients will also receive a statement from the custodian RBC Capital Markets no less than quarterly. Clients should carefully review and compare their statements to those received from SGL Investment Advisors, Inc. and RBC. Please notify our compliance department immediately of any discrepancies. You may send inquiries to Operations/Compliance, 283 W. Front Street, Suite 302, Missoula, MT 59802.

### **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

SGL Investment Advisors, Inc. does not seek investment advice or compensate other entities for advisory services to our customers.

Financial Advisors with S.G. Long & Company commonly refer customers to SGL Investment Advisors, Inc. and further act in the capacity of an ongoing relationship manager. The relationship manager refers the customer and functions as a contact person to assist customers with questions about the services provided by the Investment Advisory firm. The relationship managers are registered individuals and receive compensation based on a percentage of the fees collected by SGL Investment Advisors, Inc.

SGL Investment Advisors, Inc. and S.G. Long & Company are under the common ownership of SG Long Financial Services, Corp. The officers, directors, and many of the employees work for both firms in some manner and may receive compensation in some form purely due to the nature of the relationship. SGLIA compensates the broker dealer, S.G. Long & Company, for executing transactions and ongoing account maintenance in the customer's accounts.

### **Item 15 CUSTODY**

Customer accounts are held by RBC Capital Markets Correspondent Services, the clearing firm for the broker dealer S.G. Long & Company. SGL Investment Advisors, Inc. does not maintain physical custody of client assets. Typically clients authorize SGLIA to collect fees from their account. In that circumstance, SGLIA sends an invoice for payment to the qualified custodian who debits the customer account. Due to the ability of SGL Investment Advisors, Inc. to request direct debits for payment of fee it is considered to have custody from a regulatory standpoint.

### **Item 16 INVESTMENT DISCRETION**

SGL Investment Advisors has discretion on all customer accounts participating in its management services. Customers are informed and agree upon the use of discretion as outlined in their account application for services. SGL Investment Advisors, Inc. does not accept or manage accounts on a non-

discretionary basis.

## Item 17 VOTING CLIENT SECURITIES

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of our clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Customers will receive their proxies via mail directly from the broker dealers clearing firm. If a customer has a specific question regarding the voting of proxies, they should contact our Operations/Compliance Department for further information.

## Item 18 FINANCIAL INFORMATION

Registered investment advisers are required, under certain conditions, to provide you with financial information or disclosures about our financial condition. SGL Investment Advisors, Inc. does not have any required disclosures to report. The firm has no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients and has not been the subject of a bankruptcy proceeding.

## ABOUT OUR TEAM AND PRINCIPALS:

### Scott Long

Scott serves SGL Investment Advisors, Inc. as senior portfolio manager, chief compliance officer and president.

**Education:** B.A. in history and a B.S. in political science from Dallas Baptist University, Dallas, Texas (1974); M.A. in history from the University of Montana, Missoula (1981).

**Business Background:** Financial consultant, IDS Financial Services; co-founder of SG Long & Company (1987).

### Susan Williams

Susan serves SGL Investment Advisors as a senior portfolio manager.

**Education:** B.S. in economics from Lafayette College, Easton, Pennsylvania (1987).

**Business Background:** Lending Officer, Chemical Bank in New York City; Portfolio Manager specializing in fixed income, Thornburg Mutual Funds; Financial Advisor with SG Long & Company since 1994; and is the President of S.G. Long & Company.

### Tom Kerr

Tom serves a Director of Research of SGL Investment Advisors, Inc.

**Education:** B.B.A. in finance from Texas Tech University in Lubbock, Texas, 1986.



**Business Background:** CFA Charter Holder, since 1998, Principal and Portfolio Manager at Rocky Peak Capital Management from 2011 to 2014; Principal and Portfolio Manager/Analyst at Reed, Conner & Birdwell from 1994 to 2011.

### **Joshua Denney**

Josh serves as a Research Analyst and Trading Specialist for SGL Investment Advisors.

**Education:** B.S. in finance, with high honors, from the University of Montana, Missoula (2006).

**Business Background:** Northwestern Mutual Financial Network; Research Associate with SGL Investment Advisors (since 2008); Financial Advisor with S.G. Long & Company.

### **Kim Smith**

Kim serves as Operations Manager and Compliance Officer for SGL Investment Advisors, Inc.

**Education:** Business administration at the University of Montana, Missoula.

**Business Background:** Kim began her Financial Services career in 1998 with PNC Bank/Hilliard Lyons in Morristown, TN; Kim joined S.G Long & Company in 2002 and serves as the Chief Compliance Officer, a General Principal, Municipal Principal, and the SROP/CROP Options Principal of the broker dealer.

### **Zach Carvalho**

Zach serves as a Research Associate for SGL Investment Advisors, Inc.

**Education:** B.S. in Finance from the University of Montana, Missoula (2014).

**Business Background:** Research Associate with SGL Investment Advisors (since 2013); Financial Advisor with S.G. Long & Company (since 2014).