

SCHLINDWEIN ASSOCIATES, LLC

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This brochure provides information about the qualifications and business practices of Schlindwein Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (312) 332-1520 or info@sallc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the Securities and Exchange Commission does not imply any particular level of skill or training.

Additional information about Schlindwein Associates, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This filing represents Schlindwein Associates, LLC's (the "Firm") annual update of Form ADV, Part 2A ("brochure") since the Firm last filed it with the SEC on March 28, 2017. There are no material changes.

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Advisory Business

Schlundwein Associates, LLC (the “Firm”) provides discretionary and non-discretionary investment supervisory services to individuals and institutions, investment guidance programs for corporate and not-for-profit groups and consulting services on investment management issues. The Firm was founded in 1995. Timothy A. Schlundwein owns 99% of the Firm and his wife owns the remaining 1%. As of December 31, 2017, the Firm manages \$192.7 million in assets on a discretionary basis.

The Firm’s investment supervisory services consist primarily of a portfolio management service that allocates and periodically reallocates the client’s assets among various investment vehicles and securities. The Firm invests client assets primarily in open-end investment companies (“mutual funds”) and exchange-traded funds (“ETFs”), but may also invest client assets in variable annuity and variable life insurance contracts, closed-end investment companies and other types of pooled investment products, structured notes, and, to a lesser extent, individual securities. Based upon a review of the client’s investment objectives, risk tolerance and financial and tax circumstances, the Firm creates a model client portfolio. Clients may restrict or prohibit purchases of certain types of securities in their accounts. For clients with similar characteristics, the Firm provides substantially identical portfolio recommendations, depending upon each client’s individual circumstances.

The Firm’s investment consulting services include ongoing asset allocation advice, ongoing mutual fund reviews and recommendations and mutual fund advisory programs. In certain circumstances, the Firm will also provide clients recommendations based on third-party research.

The Firm has developed a questionnaire that is designed to assess investor risk tolerance, which it uses to recommend overall asset allocation and specific investment options consistent with this allocation.

The Firm also offers its services to certain clients of The PrivateBank and Trust Company (the “Bank”). The Firm renders continuous investment advice to the Bank regarding the investment and reinvestment of assets in the accounts of certain clients of the Bank’s Trust Department (“Bank Clients”) in mutual funds and other securities based upon the investment objectives, policies and restrictions applicable to each Bank Client account. Bank Clients deal directly with the Bank and not with the Firm. The Firm manages the assets of Bank Clients using a style similar to the style the Firm uses in managing its own clients’ assets.

Fees and Compensation

The Firm charges clients participating in the portfolio management service a fee, payable quarterly in arrears, at the following annual rates:

	<u>Standard</u>	<u>Not-for-Profit</u>
<u>BASE FEE</u>	\$1,000	\$500
<i>Plus</i>		
<u>ASSET FEE</u>		
\$1,000,000 or less	0.75%	0.50%
over \$1,000,000 to \$5,000,000	0.50%	0.30%
over \$5,000,000	0.25%	0.15%

The Firm calculates the asset fee by applying the schedule to the value of the portfolio on the last day of each calendar quarter, and pro-rates the fee for periods less than a full quarter. The Firm typically bills the client’s custodian(s) which pays the fee from the assets of the client’s portfolio. With respect to client

assets held in Individual Retirement Accounts and retirement plans or invested in variable annuity or variable life insurance contracts, clients may be given the option of paying fees directly.

Alternatively, the Firm may, in certain instances, provide investment advisory services for an hourly fee. In these instances, the Firm's maximum hourly fee rate is \$500.

Fees for the Firm's portfolio management service are not negotiable, but the Firm may waive the fee in whole or in part, for varying periods of time, at its sole discretion in connection with promotional efforts or for any other reason. The Firm may waive fees for members or employees of the Firm and members of their families.

With respect to the mutual funds and other pooled investment products held in the client's account, fees payable to the Firm are in addition to expenses and advisory fees borne by these holdings, including sales charges and transaction fees. The Firm's fees could be avoided if the client invested directly in mutual funds and other pooled products. Clients will incur brokerage and other transaction costs. For more information on the Firm's brokerage practices, see "Brokerage Practices" below.

The Firm charges for other forms of investment supervisory services, including investment counseling with respect to non-mutual fund securities, investment guidance programs for corporate and not-for-profit groups and consulting services on investment management issues, on a negotiated basis.

For its consulting services, the Firm generally receives a negotiable annual fee, payable in quarterly installments.

As compensation for the services that the Firm provides to the Bank, the Bank pays the Firm a quarterly fee based upon the value of each Bank Client account.

Performance-Based Fees and Side-by-Side Management

This item is not applicable to the Firm since the Firm does not charge performance-based fees.

Types of Clients

The Firm provides discretionary and non-discretionary investment supervisory services to individuals, institutions, investment guidance programs for corporate and not-for-profit groups and consulting services on investment management issues.

The Firm's consulting clients include profit sharing plans, bank trust departments, pension plans, Individual Retirement Accounts, registered investment advisers and other institutional clients. The Firm's clients may also include guardians of persons and estates, custodians for individuals (including minors), partnerships and retirement plans for self-employed persons.

The Firm imposes a \$500,000 minimum portfolio value for its services, which the Firm may waive in certain cases.

Methods of Analysis, Investment Strategies and Risk of Loss

The Firm conducts an initial in-depth review of the client's financial situation, goals and preferences in order to create an Investment Profile that acts as the blueprint for the client's investment portfolio. The

Investment Profile is used to establish a strategic asset allocation that addresses the client's specific, short, mid and long-term financial goals and emphasizes risk control.

The Firm seeks to dampen total portfolio risk and provide the client with a wide range of return opportunities by building a diversified portfolio of high-quality, professionally managed investment vehicles – primarily open-end mutual funds and exchange-traded funds. Structured return investments in the form of debt obligations are used from time to time to provide a return relative to a benchmark index within defined parameters.

Traditional asset classes and market sectors are assessed within a disciplined, return/risk framework. The primary factors used within the stock allocation are: large versus small capitalization; growth versus value orientation; and U.S. versus international location. The primary parameters used within the bond allocation are: duration (the sensitivity of portfolio value to changes in interest rates); credit quality (the trade-off of yield versus safety); and market sector. An alternative investment allocation is used to bring diversification benefits to overall portfolio strategy. Investments can include such asset categories as commodities, convertible securities, master limited partnerships (MLPs) and real estate, and such strategies as absolute return.

The Firm uses a proprietary ranking system for identifying funds for client investment. Multiple factors are used to evaluate funds within peer groups. A fund's total rank is determined by applying a proprietary weighting to each of four primary factors – consistency, performance, cost and experience. Measures of product consistency assess the degree to which a fund's portfolio characteristics vary from those of its peer group. Variances in product suggest potential variances in a fund's pattern of return and risk from that of the target sector. Funds are identified by their fit to a primary market sector, but exposure to more than one sector over time is typical. Measures of style consistency assess the degree to which a fund's sector exposures vary over time relative to the variances of its peer group. Variances in sector exposure suggest potential variances in a fund's pattern of return and risk from that of the target sector. Fund performance is assessed with several measures. The Firm believes that consistency of return over time is a more reliable indicator of superior, long term performance than magnitude of return over shorter periods. Measures of return consistency assess the frequency with which a fund out-performs its peer group. Funds with superior "batting averages" are preferred, with greater weight given to the length of the experience. Fund return is adjusted both to control for risk and to evaluate funds on the basis of return achieved relative to risk taken. Using a capital asset pricing framework, actual fund risks are equalized to the peer group risk resulting in adjusted fund returns that are directly comparable. Fund return and risk are assessed relative to the return and risk profile derived from the fund's actual sector exposure over time. Fund return patterns can vary over the market cycle, displaying different relative performance in up markets versus down markets. Cycle analysis measures a funds relative performance in up markets versus its relative performance in down markets. Fund cost is measured on a relative, peer group basis with a scaling in favor of lower cost. Fund cost consists of two factors, management cost and portfolio cost. Experience is measured on a relative, peer group basis with a scaling in favor of higher experience. Experience includes three factors – manager experience, style experience, and fund experience.

The Firm regularly monitors the performance of the investments and the asset allocation, and at times will fine-tune the portfolio to reflect the current economic and market environment.

A performance benchmark is established based on the client's asset allocation that enables the client to measure personal portfolio results against market returns. The Firm periodically reviews with the client their evolving financial goals and their Investment Profile to confirm the viability of the current portfolio strategy or to make appropriate strategic shifts.

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

Material risks involved in investing in the Firm's portfolio management service include:

Market Risk – All securities are subject to market risk. The values of the securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

Mutual Fund/ETF Risk – As a shareholder of mutual funds or ETFs, clients bear their proportionate share of the underlying fund's fees and expenses. As a result, a client's cost of investing will be higher than the cost of investing directly in the underlying funds and may be higher than investment strategies that invest directly in stocks. In addition, a client's investments in mutual funds or ETFs are subject to the particular risks described in the mutual funds/ETFs' prospectuses, copies of which are provided to the client by the custodian and which the Firm urges the client to read.

Equity Securities Risk – To the extent a client's account invests in equity investments (i.e., stocks), a particular stock, an industry or stocks in general may fall in value. The value of a client's account will go up and down with the prices of the securities in which the account invests. The prices of stocks change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Fixed Income Securities Risks – To the extent a client's account invests in fixed income securities (i.e., bonds), the investment is subject to call risk, which is the possibility that an issuer may redeem the security before maturity (a call) at a price below its current market price. An increased likelihood of a call may reduce the security's price. If a fixed income security is called, an account may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risk, or other less favorable characteristics.

Debt obligations are also generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. In addition, securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt – also known as "high-yield bonds" or "junk bonds" – has a higher risk of default and tends to be less liquid than higher-rated securities.

Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Debt obligations with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt obligations with shorter maturities.

Certain fixed income securities, including mortgage-backed securities carry prepayment risks. Prices and yields of mortgage-backed securities assume that the underlying mortgages will be paid off according to a preset schedule. If the underlying mortgages are paid off early, for example when homeowners refinance as interest rates decline, an account may be forced to reinvest the proceeds in lower yielding, high-priced securities. This may reduce an account's total return.

Disciplinary Information

The Firm does not have any material legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

This item is not applicable to the Firm since it does not have relationships or arrangements material to its business or its clients with affiliated financial industry persons. However, Mr. Schlindwein, the owner of the Firm, serves on the board of directors of Great Lakes Advisors, Inc., a registered investment adviser.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has adopted a code of ethics as required by Rule 204A-1 under the Investment Advisers Act of 1940. The Firm's code of ethics sets forth certain standards of business conduct that govern the personal investment activities of access persons of the Applicant, including the standard that the interests of advisory clients must be placed first at all times. The code of ethics requires access persons of the Firm to report their personal securities transactions to the Applicant on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval from the Firm's chief compliance officer before they acquire any security in an initial public offering or limited offering. The code of ethics applies not only to transactions by the individual, but also to transactions for accounts in which the person has an interest individually, jointly or as guardian, executor or trustee, or in which the persons or the person's spouse, minor children or other dependents residing in the same household have an interest. Compliance with the code of ethics is a condition of employment. The code of ethics requires all employees and officers of the Firm to comply with applicable federal securities laws and to promptly report any violation of the code to the chief compliance officer. Clients may obtain a copy the Firm's code of ethics from the Firm upon request.

The Firm provides investment supervisory services to family members of Mr. Schlindwein. This may create a conflict of interest, including a possible incentive for the Firm to favor Mr. Schlindwein's family members who are clients over other clients. However, the Firm seeks to mitigate these conflicts by treating these accounts the same as other client accounts.

The Firm invests working capital in shares of money market mutual funds and/or time or demand deposits in banks.

The Firm may invest in shares of mutual funds, ETFs or other securities that are recommended for purchase or sale by clients. These investments are in segregated accounts and are for purposes of creating, analyzing and testing different portfolio strategies in real-time.

Members, managers and employees of the Firm may also invest in shares of mutual funds and other securities that are recommended for purchase or sale by clients. The Firm and its employees face a conflict of interest when they buy or sell securities at or about the same time that the Firm buys or sells the same securities for client accounts, because the Firm or its employees could take advantage of the information regarding the client transactions and execute their trades prior to the clients (commonly called "front running"). However, since the Firm, its employees and clients all predominantly invest in shares of mutual funds, the Firm does not believe the potential for front running is present.

Brokerage Practices

The Firm generally requires that clients participating in the portfolio management service appoint Charles Schwab & Co. as custodian and as a designated broker/dealer. This is often called a directed brokerage

arrangement. Not all investment advisers require their clients to direct brokerage to a particular firm. By directing brokerage to Charles Schwab, the Firm may be unable to obtain favorable execution of client transactions, and this may cost clients more money. To the extent the Firm places transactions involving shares of mutual funds, these costs or disadvantages should not exist since shares of most mutual funds may be purchased at the offering price (which may include a sales charge) as set forth in the funds' prospectuses ("No Transaction Fee Funds"). The Firm, however, intends to recommend for purchase, and purchase under its discretionary authority, both No Transaction Fee Funds and Transaction Fee Funds (mutual funds purchased through designated brokers or dealers which charge a separate and additional transaction fee). A client would not incur the transaction fee on a Transaction Fee Fund if the shares were purchased directly from the mutual fund or its underwriter rather than through the designated brokers or dealers.

Charles Schwab provides on-line services and other support to the Firm. Charles Schwab also makes its research available to the Firm. The Firm receives substantial benefit from Charles Schwab since the on-line, other support and research provided to the Firm relieves the Firm from having to maintain the computer software and other back-office and record keeping systems provided and from having to purchase or pay for the research provided. The Firm also licenses and utilizes the computer software and accounting system of Morningstar, Inc. to support the management of client assets and to provide an array of reporting capabilities for its clients.

Review of Accounts

The Firm monitors client portfolios as part of an ongoing process, including ongoing review of the securities held for developments that might affect them. The size of the Firm allows Mr. Schlundwein to personally supervise all accounts and monitor the securities held.

All accounts have their assets in the custody of institutions that provide regular, at least quarterly, reports on all transactions and portfolio valuations. The Firm regularly reports to clients orally and in writing about investment activity in their accounts, and provides quarterly or more frequent valuations of portfolios to clients, which list each portfolio security and include current market value.

Client Referrals and Other Compensation

The Firm may enter into agreements providing cash compensation to persons who refer clients to the Firm. These agreements are governed by, and require that the solicitor meet the disclosure and other requirements of, Rule 206(4)-3 under the Investment Advisers Act of 1940, as well as comply with other applicable laws and regulations including state securities laws. The terms of the agreements differ somewhat depending upon the circumstances, but generally provide either for compensation equal to a specified percentage of the fees received by the Firm from clients referred, or for fixed compensation payable monthly or quarterly.

Custody

The Firm is deemed to have custody of client assets for purposes of the Investment Advisers Act of 1940 when it bills the client's custodian who deducts the Firm's advisory fee from client accounts. Clients will receive at least quarterly account statements from the client's custodian. The Firm urges clients to carefully review those statements and to compare those statements to those you receive from the Firm.

Investment Discretion

The Firm accepts discretionary authority to manage investments on behalf of clients pursuant to an investment advisory agreement in which the client appoints the Firm as its agent and attorney-in-fact with full investment power and authority on behalf of the client's account. Clients may place limitations on this authority, including restricting or prohibiting purchases of certain types of securities.

Voting Client Securities

The Firm does not have authority to vote client securities. Clients receive their proxies directly from their custodian. Clients may contact the Firm with questions about a particular solicitation; however, the Firm will not advise clients regarding how they should vote.

Financial Information

The Firm does not believe there is any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.