



## **Form ADV Part 2A**

### **Item 1 – Cover Page**

**5151 Advisors, LLC**  
**7500 San Felipe, Suite 600**  
**Houston, Texas 77063**  
**(713) 706-6113**

**October 2019**

This brochure provides information about the qualifications and business practices of 5151 Advisors, LLC (called “we” or “5151 Advisors” in this brochure). If you have any questions about the contents of this brochure, please contact us at (713) 706-6113. 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.

5151 Advisors is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training.

Additional information about 5151 Advisors is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with 5151 Advisors who are registered as investment adviser representatives of 5151 Advisors.

## **Item 2 – Material Changes**

The last annual update of this brochure was in March 2019. No material changes have occurred to our business since that update.

We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting (Patricia) Kelly Somoza at (713) 706-6133 or [ksomoza@5151advisors.com](mailto:ksomoza@5151advisors.com).

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## **Item 4 – Advisory Business**

5151 Advisors, which began operations in August 2007, manages the investment assets of individuals, trusts, and charitable entities. Our sole business is providing investment advisory services. As of December 31, 2018, we managed clients' assets totaling \$75,110,597.

Our accounts are managed on a discretionary basis, which means that we have the authority to determine the securities to buy or sell for the account and the amount of securities bought or sold in each transaction. We have no non-discretionary accounts. Clients may impose written restrictions on investing in certain securities or types of securities. A small number of clients, however, often instruct us to make certain trades in their accounts and may or may not consult with us as to the advisability of such trades and may or may not follow our advice if such consultation occurs.

Our primary expertise lies in stock selection; however, we also invest in fixed income securities, mutual funds and exchange traded funds. We interview clients and ask them to complete questionnaires so that we can learn about their particular needs and risk tolerance. We then construct an individualized portfolio for the client. Although we normally select stock investments from a limited list of securities that we follow closely, no two clients will have identical portfolios.

(Patricia) Kelly t Somoza is the sole owner of 5151 Advisors.

## **Item 5 – Fees and Compensation**

### **Fees**

Our fees are based on a percentage of the value of the assets in the client's portfolio under our management. We charge fees quarterly in advance (at one quarter of the annual fee) on or about the fifteenth (15<sup>th</sup>) day after the commencement of each quarter (or, in case of the first quarter, on the effective date of the Agreement). Fees are calculated as of the last day of the preceding calendar quarter on which the New York Stock Exchange was open for trading. Our customary annual fees range from 20 to 60 basis points (or 0.20% to 0.60%) of assets under management with the client's exact fee rate indicated on the Agreement.

We determine our fees individually, and therefore they may vary from client to client. If the client opens an account with us partway through a calendar quarter, our fees will be calculated pro-rata, based on the number of days remaining in the quarter, and will be calculated on the value of the client's assets on the day the account with us is opened. Our fees may be adjusted, no more frequently than annually, upon the provision of thirty days' written notice to the client.

The client determines whether to authorize us to deduct fees from their custodial accounts or to pay our fees directly. If the client elects to pay fees directly, fees are due within thirty days of receipt of our invoice. Clients should note that if our fees are deducted from their custodial accounts, the custodian will not verify the accuracy of our fee calculation.

### **Other Charges to the Client's Account**

Our fees do not include any brokerage commissions, custodial fees, bank fees, margin interest, national securities exchange fees, wire transfer fees or other costs, fees, or taxes associated with securities transactions or required by law. Clients may incur charges imposed by custodians, brokers, and other third parties such as deferred sales charges and odd-lot differentials. There may be other fees and taxes on brokerage accounts and securities transactions. We may place clients' uninvested funds in money market accounts, which will typically charge their own internal fees and expenses to the client. Owners of shares of mutual funds will bear a proportionate share of the mutual fund's internal fees and expenses. We do not receive any portion of these commissions, fees, costs, or expenses. Please see *Item 12: Brokerage Practices* below for additional information about brokerage.

### **Termination of Agreements**

Clients are required to sign investment advisory agreements with us. Either party may terminate the agreement upon providing notice to the other party. Any of our fees paid in advance will be pro-rated for the quarter and a refund will be issued to the client based on the number of days remaining in the quarter. Additionally, clients may terminate our investment advisory agreement within five business days of the agreement's effective date without payment of any fees or penalties.

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

Performance-based fees are based on the total return in a client's account. We do not charge performance-based fees to any of our clients.

## **Item 7 – Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, trusts, and charitable organizations.

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

We primarily use fundamental analysis in selecting securities for an individual portfolio and attempt to select securities with a reasonable projected future return when measured against the associated risks. We try to diminish risks through diversification of individual securities and industry sectors. In constructing a client's portfolio, we pay particular attention to the client's risk tolerance.

Investing in securities involves risk of loss that clients should be prepared to bear. Clients should be aware that even if we use our best efforts, our efforts may not be successful. Any security in a client's account, other than a United States Treasury instrument, could lose all or part of its value. Many factors and events outside our control can affect the securities markets and the value of securities in client accounts. Examples include, but are not limited to, changes in domestic or foreign political leadership, breaking news events, natural disasters, adverse weather conditions, terrorist activity, or changes in the Internal Revenue Code. We may not be able to accurately predict the effects on the securities markets of these factors and events or how they may affect the value of securities held in clients' accounts. We do not guarantee the future performance of the client's account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of the client's account.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of 5151 Advisors or the integrity of our management. We have no information applicable to this Item.

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

5151 Advisors is not affiliated with a broker-dealer and does not have any other financial industry activities or affiliations beyond its role as investment advisor.

Ms. Somoza is a member of Callahan Advisors' informal advisory board, for which she receives compensation.

5151 Advisors contracts with an employee of Callahan Advisors for administrative work. The contractor is considered an Access Person of 5151 Advisors subject to the firm's Code of Ethics and reporting requirements.

## **Item 11 – Code of Ethics**

We may recommend publicly-traded securities to our clients which the firm's personnel own in their personal accounts. In order to avoid potential conflicts of interest, an employee of 5151 Advisors may conduct a trade in his or her account only simultaneously with or after a client trades in the same security. Our employees are required to submit their personal trading records quarterly to the chief compliance officer for review to ensure compliance with our policies.

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to our clients. All supervised persons at 5151 Advisors must acknowledge the terms of the Code of Ethics annually or when the Code is amended.

We may enter block trading orders for the benefit of several clients' accounts. In instances in which a block trading order is filled in multiple lots, we will allocate the trades so that clients receive the average trading price of the entire order.

We do not engage in any principal or agency cross securities transactions for client accounts, nor do we execute cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. An agency cross transaction is a transaction in which an investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. We are not registered as a broker-dealer and have no broker-dealer affiliates.

Clients or prospective clients may request a copy of our Code of Ethics by contacting (Patricia) Kelly Somoza at (713) 706-6113 or [ksomoza@5151advisors.com](mailto:ksomoza@5151advisors.com).

## **Item 12 – Brokerage Practices**

### **The Custodian and Brokers We Use**

We do not maintain custody of client's assets. Client assets must be maintained in an account at a "qualified custodian," which is generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab). 5151 Advisors is independently owned and operated and is not affiliated with Schwab. The qualified custodian will hold client assets in a brokerage account and buy and sell securities instructed by 5151 Advisors. While we recommend that clients use Schwab, the client will decide whether to do so and will open an account with them by entering into an account agreement directly with them. We do not open the account for clients, although we may assist clients in doing so. Even though the client's account is maintained at Schwab, we can still use other brokers to execute trades on the account as described below (see "*Client Brokerage and Custody Costs*").

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold client assets and execute transaction on terms that are, overall, most advantageous when compared to the other available providers and their services. We consider a wide range of factors, including among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client's accounts)



- Capability to facilitate transfers and payments to and from account (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.)
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see *"Products and Services Available to Us From Schwab"*)

### **Client Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into a Schwab account.

Schwab's commission rates applicable to our clients' accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of assets in accounts at Schwab. In addition to the commission and asset based fees, Schwab charges a flat dollar amount as a "Prime Broker" or "trade away" fee for each trade that we have executed by a different broker but where the securities bought or the funds from the securities sold are deposited (settled) into the client's Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How We Select Brokers/Custodians"*).

**Client Directed Brokerage.** If the client directs that trades be executed through another broker-dealer, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by that broker-dealer. 5151 Advisors will assume no responsibility for obtaining the "best execution" of these trades.

## **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage-trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab.

**Services That Benefit Clients.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients' accounts.

**Services That May Not Directly Benefit Clients.** Schwab also makes available to us other products and services that benefit us but may not directly benefit clients. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conference and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession

- Access to employee benefits providers, human capital consultants and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment for our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab, as discussed above. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commission or assets in custody. The \$10 million minimum may give us an incentive to recommend that clients maintain their accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our client. Our selection is primarily supported by the scope, quality and price of Schwab's services. We have over \$ 75 million in client assets under management, and we do not believe that recommending that our clients collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Item 13 – Review of Accounts**

A principal of the firm reviews each account at least quarterly. Reviewers evaluate each account's performance and its asset allocations. More frequent reviews of clients' accounts may be triggered by a client's request, news events, market conditions, or any other factor the firm deems significant. We provide quarterly written reports to clients. These reports contain a list of investments by asset class and a performance evaluation.

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

We do not compensate anyone for making referrals to us. We receive no cash payments from any source in connection with our clients' accounts. We receive certain non-cash benefits from Schwab because many of our clients have selected Schwab as the custodian for their accounts. See *Item 12: Brokerage Practices* above for a detailed discussion of the benefits we receive from Schwab.

## **Item 15 – Custody**

Under the Securities and Exchange Commission's regulations, we are deemed to have custody of client assets if the client authorizes us to instruct the custodian to deduct our advisory fees directly from the client's account. The custodian, however, maintains actual custody of client assets. The client will receive account statements directly from the custodian at least quarterly. Custodian statements will be sent by email or U.S. mail to the address provided to the custodian. We urge clients to carefully review their custodial statements and compare them to the reports they receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities, but if clients observe any discrepancies between our reports and their custodian's statements, they should contact us as soon as possible. We have no standing instructions from clients giving us the authority to transfer assets from their accounts to third parties without specifying the amount or date of the transfers, nor do we serve as executor, trustee, or have full Power of Attorney on any client accounts.

## **Item 16 – Investment Discretion**

In our investment advisory agreement, the client grants us complete authority to make all investment decisions concerning the client's account and to make the sales, purchases, and reinvestments necessary to carry out the client's investment objectives. The advisory agreement also contains a limited power of attorney under which the client grants us the authority to trade in the client's custodial account(s). Clients may provide us with written restrictions and guidelines concerning investments. As described in *Item 4: Advisory Business* above, in limited cases we accommodate clients who wish to instruct us on specific trades.

## Item 17 – Voting Client Securities

Each client's investment advisory agreement specifies whether the client wishes us to vote proxies for the client's account. If the managed account is for a pension or other employee benefit plan governed by ERISA, the client will direct us *not* to vote proxies for securities held in the account when the right to vote such proxies has been expressly reserved to the plan trustee or another plan fiduciary.

The following is a summary of our proxy voting policy, a full copy of which is available to clients at no charge. In the absence of specific voting guidelines from a client, we will vote proxies in a manner that is in the best interest of the client, which may result in different voting results for proxies for the same issuer. We consider only those factors that relate to the client's investment or dictated by the client's written instructions, including how the vote will economically impact and affect the value of the client's investment. We may determine, in our sole discretion, that it is not in the client's interest for us to vote proxies on a particular matter and therefore may determine that no vote will be cast in that circumstance.

For information about how their proxies were voted, clients may contact (Patricia) Kelly Somoza at (713) 706-6113 or [ksomoza@5151advisors.com](mailto:ksomoza@5151advisors.com).

## Item 18 – Financial Information

Registered investment advisers are required to provide clients with certain financial information or disclosures about their financial condition. Because we do not charge more than \$1200 in fees per client six months or more in advance, we are not required to provide our most recent balance sheet to any client, however will provide such if requested. 5151 Advisors has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to clients. We have never been the subject of a bankruptcy proceeding.



## **Form ADV Part 2B**

### **Item 1- Cover Page**

**(Patricia) Kelly Somoza**

**7500 San Felipe, Suite 600**

**Houston, Texas 77063**

**(713) 706-6133**

**October 2019**

This brochure supplement provides information about Kelly Fawcett Somoza that supplements 5151 Advisors, LLC's brochure. You should have received a copy of that brochure. Please contact Kelly Fawcett Somoza at (713) 706-6133 if you did not receive 5151 Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about (Patricia) Kelly Somoza is available on the SEC's website at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**.

## **Item 2- Educational Background and Business Experience**

### **(Patricia) Kelly Somoza**

Year of Birth: 1953

Formal Education after High School:

University of Mississippi, B.A., 1974

University of Mississippi, M.B.A., 1976

Business Background for Preceding 5 Years:

Manager, 5151 Advisors, LLC (10/2007-Present)

President, MBG Retirement, Inc. (01/2001-07/2018)

Registered Representative, H. Beck, Inc. (01/2002-10/2011)

Vice President, U.S. Home Corp (1992-2001)

## **Item 3- Disciplinary Information**

This Item requires disclosure of all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person who provides investment advice for 5151 Advisors. There is no information about (Patricia) Kelly Somoza that is applicable to this Item.

## **Item 4- Other Business Activities**

Ms. Somoza is a member of the advisory board of Callahan Advisors and receives a fee for collaboration with regards to research and focus on issues relating to dementia with specific emphasis on the investment advisor and the client. Ms. Somoza's membership on the advisory board of Callahan Advisors and her activities therein require a small portion of her time. Due to the nature of Callahan Advisors' investment strategies, Ms. Somoza's participation as an advisory board member of Callahan Advisors does not present any conflicts of interest with those of 5151 Advisors. Nevertheless, 5151 Advisors will attempt to mitigate or address any conflicts of interest that arise with respect to such activities in the future and will provide full and fair disclosure of any material conflicts of interest to clients.

## **Item 5- Additional Compensation**

Ms. Somoza does not receive any compensation other than that disclosed in Item 4 above.

## **Item 6 - Supervision**

(Patricia) Kelly Somoza, Manager/Member, (713) 706-6133, is the sole owner so does not have a supervisor.

## **Item 7 – Requirements for State Registered Advisers**

Ms. Somoza has not been found liable in an arbitration claim, nor has she been found liable in a civil, self-regulatory organization, or administrative proceeding.

Ms. Somoza has not been the subject of a bankruptcy petition.