

## **Stolper & Company, Inc.**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Stolper & Company ("SCI"). If you have any questions about the contents of this brochure, please contact us at 619-231-9102 or 2305 Historic Decatur, Suite 100, San Diego, CA 92106. 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.

Additional information about Stolper & Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Stolper & Company is 6911.

Stolper & Company is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Material Changes – Item 2

An adviser is to disclose in this Item any material changes to its business since the last annual update of its Form ADV. In 2024, SCI added financial planning to its offerings as outlined in Item 4. Additionally, SCI had amended their fee schedule as outlined in Item 5.

## Table of Contents - Item 3

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

#### **Advisory Business – Item 4**

SCI, Inc. (SCI) was founded in 1975 by Michael Stolper who retired on December 31, 2017.

The principal owner of SCI is Barbara Malone.

Generally speaking, SCI offers the following services to clients:

1. SCI assists in selecting investment managers, mutual funds and commingled products for discretionary portfolio management. These portfolios are not managed by Stolper & Co.

Investment management firms and mutual funds are recommended to clients after the following factors, if applicable, are considered:

- i. Quality of the investment record
- ii. Longevity of the investment record
- iii. Investment philosophy
- iv. Types of securities owned
- v. Portfolio structure
- vi. Educational and business background of investment principals
- vii. Fees
- viii. Availability of references
- ix. Research sources
- x. Number of clients
- xi. Amount of assets managed
- xii. Method and frequency of reporting to client
- xiii. Brokerage practices
- xiv. Long-term business plan
- xv. Decision-making process

Recommendations of investment advisors are subject to certain constraints imposed by the client including but not limited to:

- i. Fees of investment advisory firm.
- ii. Length of time in business of investment advisory firm.
- iii. Number of portfolio managers employed by investment advisory firm.
- iv. Aggregate assets currently managed by investment advisory firm.
- v. Performance history of investment advisory firm for funds similar to that of the client.
- vi. Investment philosophy of investment advisory firm
- vii. Minimum account accepted by investment advisory firm.

Specific recommendations are usually made after conferring with the client with regard to client's investment objectives. The objectives give recognition of, among other things, tax considerations, income requirements, ultimate purpose of the fund, investment philosophy and risk tolerance.

It is SCI's policy to encourage funds subject to ERISA, to develop a formal, written statement of investment objectives. The statement should establish quantitative criteria to measure the effectiveness of the investment advisor.

SCI from time to time provides investment consulting services to various entities on a flat fee basis.

2. Stolper & Co. also provides asset allocation services to clients under an arrangement in which SCI will allocate all or a portion of a client's portfolio to subadvisers hired by SCI. Under this arrangement, SCI monitors the investment activities of the subadvisers and SCI retains the ability to terminate the subadviser or allocate more or less of the

client's portfolio to the subadviser at any time. SCI also negotiates each subadviser's fees on the client's behalf.

3. Stolper & Co. provides investment management services and individualized advice to clients through a mutual fund selection program. SCI has full authority to purchase and sell shares of open-end, both load and no-load funds, (load funds are selected only if the sales charge is waived and it can be purchased at NAV and closed-end mutual funds (including money-market funds) on behalf of each participating client. Factors similar to those outlined above with respect to investment managers are considered by the SCI in purchasing shares for clients' accounts.
4. SCI provides financial planning services primarily for individuals and families regarding the management of their financial resources based on an analysis of their needs and circumstances. These services generally include budgeting, education planning, retirement planning, estate planning, and gifting strategies. SCI typically conducts a complimentary initial consultation. Following the consultation, if the client decides to engage SCI for financial planning services, detailed information about the client's financial situation and objectives are gathered. In performing these services, SCI is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.,) and is expressly authorized to rely on such information. The company then reviews and analyzes the data with third party planning software, including eMoney. A digital financial plan is created and presented to the client. The primary objective of this process is to assist the client in developing a strategy for saving, spending, and managing their assets and liabilities to meet their financial objectives. SCI only provides financial planning services for clients that are, or expect to become, investment management clients.

Clients should be aware that different financial planning software uses different financial planning methodologies, and the financial plan will describe the specific methodologies used for the particular plan and should be carefully considered in evaluating the results presented to the client. The outputs generated by the software utilize third-party proprietary formulas and are based on economic assumptions and forecasts approved by SCI. In addition, clients' financial plans may include a Monte Carlo simulation. Monte Carlo simulations are used to show how variances in rates of return each year can affect results. Results using Monte Carlo simulations indicate the likelihood that an event may occur as well as the likelihood that it may not occur. SCI may change the software, third-party provider, or the methodologies it uses when creating your financial plan. Your financial plan will provide details on the software and methodologies used.

SCI does not participate in wrap fee programs.

SCI manages \$308,750,302 on a discretionary basis and \$306,866,758 on a non-discretionary basis. These numbers are as of December 31, 2023.

### **Fees and Compensation – Item 5**

As of 2024, SCI fees will be computed at an annual rate of:

- 0.70% of the assets under management for equity and balanced accounts on the first \$5 million.
- 0.35% on assets under management above \$5 million.
- The minimum annual fee is \$3,500.

In addition, SCI charges a one-time, upfront fee of up to \$3,500 for financial planning services. This fee is credited back against future investment management fees applied to managed assets.

SCI also provides asset allocation services to clients under an arrangement in which SCI will allocate all or a portion of a client's portfolio to subadvisers hired by SCI. Under this arrangement, SCI monitors the investment activities of the subadvisers and SCI retains the ability to terminate the subadviser or allocate more or less of the client's portfolio to the subadviser at any time. SCI also negotiates each subadviser's fees on the client's behalf.

SCI may charge lower fees for some clients based upon the amount of assets under SCI's management, the length and nature of SCI's relationship with the client and other factors. SCI's fee does not include the services of any subadviser selected for the account, custodial expenses or brokerage expenses in connection with the account. When authorized by client, SCI will direct the client's custodian to pay SCI's and the subadviser's fees directly from the client's account. Alternatively, the client may elect to be billed directly for management fees. The manner in which fees are deducted is detailed in the signed agreement with the client.

Clients pay management fees in advance. If the contract is terminated before the end of a quarter for which the quarterly fee has been paid, the fee will be pro-rated and refunded to the client.

SCI from time to time provides investment consulting services to various entities on a flat fee basis.

In addition to the management fees payable to SCI, each mutual fund in which the assets of the account are invested also pays its own investment advisory fees to its own investment advisor, administrative expenses, and in some cases 12B-1 fees. Also, the broker may be paid commissions and/or ticket charges for effecting purchases and sales of funds.

SCI does not receive any referral fees or compensation from investment advisors for recommending their firms to SCI's advised clients. In the past, SCI's clients may have instructed an investment advisor to credit a portion of the advisor's fee to SCI to

compensate SCI at its usual rates for the provision of its consulting and performance measurement services. Any payments that SCI received under this arrangement were at the convenience and request of the client. This payment option is not available for new clients.

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

SCI does not charge any performance fees. Some investment advisors experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to SCI.

### **Types of Clients – Item 7**

SCI provides services to individuals, trusts, estates, charitable organizations, pension and profit-sharing plans, corporations or business entities other than those previously listed.

Accounts of \$500,000 or more will be accepted, however smaller accounts may be accepted when part of a household with more than \$3,000,000 total value.

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

Methods of Analysis stated in Item 4.

The firm does not advocate the use of margin for clients.

All investing involves a risk of loss, and the investment strategies offered by SCI could lose money over short or even long periods. Past performance is not a guarantee of future results and individual account performance will vary. Performance could be hurt by a number of different risks including but not limited to:



**Stock Market Risk.** Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. There is a chance that stock prices overall will decline.

**Sector Risk.** There is a chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall stock market.

**Bankruptcy of a broker or custodian could cause excessive costs or loss of investor funds.** If a broker with whom SCI has an account becomes insolvent or bankrupt, SCI may be unable to recover all or even a portion of the assets maintained by clients with that broker. Similarly, if a custodian housing a client's securities or other assets becomes bankrupt or insolvent, the client may be unable to recover all or even a portion of the assets held by the custodian.

**SCI may rely on information that turns out to be wrong.** SCI selects investments based, in part, on information provided by issuers to regulators or made directly available to SCI by the issuers or other sources. SCI is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

**SCI may fail to identify successful companies.** Identifying successful companies is difficult, and there are no assurances that such a strategy will succeed. Furthermore, clients may be forced to hold such investments for a substantial period of time before realizing any anticipated value.

**Investing in securities entails risks associated with the underlying business** including reliance on a company's managers and their ability to execute business strategies. In addition, all businesses face risks such as adverse changes in regulatory requirements, interest rate and currency fluctuations, general economic downturns,

changes in political situations, market competitions and other factors. SCI will not have day-to-day control over any company in which it invests for clients.

**Fixed Income Securities.** Risks associated with investing in fixed income securities (i.e. bonds) include:

- The bond issuer's inability to pay interest or repay the bond.
- Changes in market interest rates cause the bond's value to fall.
- Illiquidity in the bond market may make the bond difficult or impossible to sell.
- The bond issuer may repay the bond prior to maturity; or
- Inflation may reduce the effective yield on the bond's interest payments.

**Bonds- Call Provisions.** Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bond when interest rates have dropped, clients are exposed to reinvestment rate risk – clients will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

**Bonds – Yield Curves.** Bond portfolios typically include bonds with a range of maturity dates. In assembling a bond portfolio, the Advisor generally assumes that changes in the yield curve will occur at roughly parallel rates, that is, that interest rates on long-term bonds will move up or down in the same direction as interest rates on short-term bond yields. To the extent that the yield curve movements deviate from this assumption, the bond portfolio may generate results different from those intended by SCI.

**Bonds – Inflation.** Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if a client purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, clients are exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

At times SCI may invest other entities to which SCI's principal may have a business relationship (See Item 10 for more detail). No such investments are made unless investments are in the best interest of clients and SCI has ensured that such investments are made in compliance with its Insider Trading Policy.

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

SCI has not been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of the company or its personnel.

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

SCI's principal, Barbara Malone was a managing partner and part owner of Windowpane Advisors, LLC. Windowpane was the advisor to Jordan Opportunity Fund. On June 13, 2015 Windowpane Advisors sold Jordan Opportunity Fund to Arrowmark Partners, the advisor to the Meridian Funds. Jordan Opportunity was merged with Meridian Enhanced Equity Fund. Windowpane is no longer a registered advisor. Windowpane is a Limited Partnership that receives monthly tail payments for the 2015 sale. Other than the tail payments, Windowpane has no ongoing interest in Arrowmark or the Meridian Funds

SCI may recommend to its clients the Meridian funds referred to above, with which SCI had a relationship. These relationships are fully disclosed to the client.

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

SCI has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that details its commitment to the principle that SCI owes a fiduciary duty to its clients. To avoid any potential conflicts of interest involving personal trades, the Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession, the interests of clients, and the interests of SCI above one’s own personal interests.
- Adhere to the fundamental standard that they should not take inappropriate advantage of their position.
- Avoid or disclose any actual or potential conflict of interest.
- Conduct all personal securities transactions in a manner consistent with the policy.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession.
- Promote the integrity of, and uphold the rules governing, capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

SCI's code also requires Employees to 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide SCI with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of SCI's Code of Ethics shall be provided to any client or prospective client upon request.

## **Brokerage Practices – Item 12**

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. You may choose to use another custodian.

Schwab Institutional provides services intended to help SCI manage our business, including publications, practice management conferences, information technology, regulatory compliance, client account data, electronic duplicate statement and confirmations that assists in managing your account. Most trades will be executed through Schwab, although other brokers can be selected to execute trades. SCI does not receive any economic benefit from these trades. Schwab does not charge custody fees. Schwab is compensated by charging you commissions or other fees on trades that it executes and is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

Our recommendation that clients maintain their assets in accounts at Schwab is based solely on the nature, cost or quality of custody and brokerage services provided by Schwab regardless of any other products or services which may be provided to SCI.

### **Review of Accounts – Item 13**

Each account is reviewed statistically, at least once each calendar or fiscal quarter by senior staff. A time-weighted return is computed and compared to stock market and bond market indices. Portfolios are reviewed as to composition (cash equivalents/fixed income/equities). Consideration is given as to the adequacy of diversification relative to the client's objectives. The sequence of review is the order in which copies of reports sent to clients by the investment management firms and mutual funds are received by SCI.

Additionally, an effort is made to review client holdings at least once per calendar or fiscal quarter in addition to the formal quarterly review. Dramatic changes in market conditions trigger more frequent review.

Clients are provided with written performance evaluations once each calendar or fiscal quarter. The quarterly performance evaluation states the time-weighted rate-of-return for the most recent calendar or fiscal quarter, the calendar or fiscal year-to-date, and the cumulative return since the inception of the counseling relationship.

If appropriate, stock and bond market indices, as well as the change in the Consumer Price Index are scheduled to facilitate comparisons.

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

SCI does not directly or indirectly compensate any person for client referrals.

### **Custody – Item 15**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but SCI can access many clients' accounts through its ability to debit advisory fees. For this reason, SCI is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by SCI.

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

SCI has been granted the authority by a substantial majority of its clients to determine, without specific consent, the securities to be bought or sold and the amounts of those securities. Any limitations which might be placed on SCI are “client specific” and, to the extent that they exist, are detailed at the opening of the client's account.

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

Stolper & Co. does not vote client proxies. Clients will receive proxy material directly from the custodian holding the client's account. Under circumstances where the SCI receives proxy material on behalf of a client involving any security held in the client's account, SCI will promptly forward such material to the client's attention. It is the client's responsibility to vote his/her proxy(ies). Upon client request, SCI will provide advice regarding proxy voting.

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

SCI has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

