



FORM ADV PART II  
DISCLOSURE BROCHURE

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# Slavic Mutual Funds Management Corporation

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This brochure provides information about the qualifications and business practices of Slavic Mutual Funds Management Corporation. If you have any questions about the contents of this brochure, please contact us at 561-241-9244. 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 Slavic Mutual Funds Management Corporation is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC does not imply a certain level of skill or training.

## Item 2-Material Changes

Material changes since the last version of the ADV Part 2 dated March 29, 2012, are summarized below:

- Slavic Mutual Funds Management Corporation has no material changes to report since our last Brochure.

Future Disclosure Brochure filings will address “material changes” since the date of this filing concerning Slavic Mutual Funds Management Corporation, which will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the Securities and Exchange Commission website, [www.sec.gov](http://www.sec.gov).

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## Item 4-Advisory Business

### *About Slavic Mutual Funds Management Corporation*

Slavic Mutual Funds Management Corporation (“SLAVIC”) was founded in 1986 by John J. Slavic. SLAVIC recommends mutual funds as investment options primarily for retirement plans. The fund recommendations are subject to the approval of the sponsor’s investment committee. SLAVIC also manages three portfolios as additional investment options embedded in the mutual fund platform. These managed portfolios provide alternatives to participants not wishing to self-direct their accounts.

SLAVIC also administers the Slavic Managed IRA platform. The platform consists of four managed portfolio options for account holders not wishing to self-direct their Traditional or Roth IRAs. In addition, SLAVIC separately manages a small number of accounts for high net worth individuals.

As of December 31, 2012, SLAVIC’s total assets under management were approximately \$1,148,596,390. SLAVIC has discretionary investment authority over approximately \$535,734,258 of total assets under management.

SLAVIC does not sponsor or offer a wrap fee program.

### *Principal Owner*

**John J Slavic** is the founder and president of Slavic Mutual Funds Management Corporation. He received his Master of Arts degree from the University of Texas at Austin and his Bachelor of Science degree from Florida State University. John Slavic holds FINRA Series 2, 7, 24, 63, 65 and 66 licenses.

## Item 5-Fees and Compensation

### *How We Are Paid*

#### **Retirement Plans**

Annual fee for managed portfolios options embedded in the mutual fund platform is 0.25% - 0.35% of the value of the assets invested in the pre-allocated portfolios. The fee is computed and deducted from plan assets quarterly on the first month of each quarter (January, April, July and October).

## Managed IRA Platforms

Annual fee for managed portfolios options for the Managed IRA options is 0.60% of the value of the assets invested in the managed portfolios. The fee is computed and deducted from plan assets quarterly on the first month of each quarter (January, April, July and October).

### Breakdown of the 60 basis points (bps)

**Investment Management Fees** – Slavic Mutual Funds Management Corporation..... (50pbs)

Each portfolio offered through the Slavic Managed IRA platform is managed by investment professionals who buy and sell securities and oversee the portfolio's investments.

**Trust, Custody & Clearing** – Counsel Trust Company.....(4pbs)

Personal Retirement Accounts require a custodian to hold the funds and to ensure that the rules created by the Internal Revenue Service are adhered to. The custodian also takes care of documentation and tax reporting.

**Administration** – Slavic Integrated Administration.....(6pbs)

Administration fee covers the cost of providing services through Slavic Managed IRA website, customer service, the toll-free information line, as well as some of the Plan communications.

## Separately Managed Accounts

Annual fees for activities undertaken on behalf of separately managed accounts held at mutual fund companies or qualified custodians typically range from 0.25% - 1.00% depending on the asset value of the account. On occasion, the asset management fee charged may be negotiated to a fixed amount. Asset management fees for separately managed accounts are typically paid either on a monthly or a quarterly basis. Slavic does not have the authority to deduct fees from Separately Managed Accounts; clients have standing instructions with custodians to automatically ACH and forward fees to SLAVIC. Clients may also pay the fee directly to SLAVIC from other fund sources.

## *Compensation for the Sale of Securities*

Neither SLAVIC nor its employees, accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. SLAVIC's affiliated broker dealer, Slavic Investment Corporation, acts as broker dealer of record for some retirement plan accounts.

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

SLAVIC does not charge performance based fee and does not have side-by-side management agreement.

## Item 7-Our Clients

### *Types of Clients*

SLAVIC provides investment advisory services to retirement plan sponsors and individuals.

### *Minimum Account Size*

SLAVIC does not have a minimum account size.

## Item 8-Methods of Analysis, Investment Strategies and Risk

Slavic's managed portfolio options are designed to follow modern portfolio theory, whereby diversification through asset allocation allows investors to better control risk associated with retirement goals.

Slavic utilizes the Fi360 mutual fund scoring software to evaluate and recommend funds for 401k plans.

Fi360 Fiduciary Score Criteria include:

- a. Track record: The fund should have a minimum three-year history.
- b. Assets in the fund: The fund should have at least \$75 million under management (total across all share classes).
- c. Stability of the organization: The portfolio manager should have at least a two-year tenure. In a management team setting, the most senior manager's tenure should be at least two years.
- d. Composition consistent with asset class.
- e. Style consistency: The fund's category and current style box should be the same.
- f. Expense ratio/fees relative to peers: The fund's expense ratio should be in the lower half of its appropriate category.

- g. Risk-Adjusted performance relative to peers: The fund's Alpha and Sharpe Ratio should be above the peer group's median.
- h. I-Performance relative to peers: The fund's 1-, 3-, and 5-year trailing performance should be above the peer group's median.

### **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 the evaluation of SLAVIC or the integrity of SLAVIC's management. SLAVIC has no disciplinary information to disclose.

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

The principal owner of SLAVIC also owns Slavic Investment Corporation, a FINRA registered broker dealer. SLAVIC does not have any material relationships with other financial industry participants. SLAVIC does not refer clients to other investment advisers, and it does not receive any compensation from other financial industry participants.

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

SLAVIC has a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. The employees of SLAVIC have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of the firm or its employees.

SLAVIC has adopted, and requires all employees to understand, acknowledge and follow, a Compliance Manual, which contains its Code of Ethics. The fiduciary principles that govern personal investment activities of employees are, at a minimum, the following: (1) the duty at all times to place the interests of clients first; (2) the requirement that all personal securities transactions be conducted in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) the fundamental standard that personnel providing services to clients should not take inappropriate advantage of their positions. SLAVIC's policy is that the interest and privacy of clients always comes first and all employees will conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. SLAVIC's Code of Ethics is available to anyone upon request.



SLAVIC recommends and deals primarily in mutual funds. SLAVIC and its affiliated entities do not engage in personal trading and does not have material interest in any securities.

## Item 12-Brokerage Practices

### *In General*

Our clients designate MidAtlantic Capital Corporation or National Financial Services, LLC (a Fidelity Investments company) as custodian for their respective assets and effectuate their own trades. Separately managed account assets are held at qualified custodians or mutual fund companies.

### *Research and Soft Dollar Benefits*

SLAVIC does not accept or use soft dollar benefits.

## Brokerage for Client Referrals

SLAVIC does not receive client referrals from brokers.

## Item 13-Review of Accounts

SLAVIC's senior management is responsible for periodically reviewing each separate account in order to evaluate and confirm compliance with the terms of the investment guidelines and investment management agreements applicable to such accounts. This review generally occurs quarterly. This review may occur more frequently when significant investment decisions are made related to an account. Quarterly investor letters discussing the performance of investments and accounts are mailed to clients from SLAVIC.

## Item 14-Client Referrals and Other Compensation

SLAVIC does not currently pay referral fees or any other benefits for referring clients to SLAVIC.

## Item 15-Custody

SLAVIC does not have custody of clients' funds or assets. Our clients' assets are custodied with Mid Atlantic Capital Corporation and National Financial Services, LLC, which delivers quarterly statements to clients. Separately managed accounts are custodied with the custodian of the clients' choosing, and therefore receive statements as governed by those relationships.

SLAVIC's affiliated broker dealer, Slavic Investment Corporation, acts as broker dealer of record for some retirement plan accounts. All fund related revenues like 12b-1 fees and Sub TA fees are reimbursed back to plans. Upon receipt of fund related revenues by the broker dealer, the funds are segregated according to **SEC Rule 15c3-3 Customer Protection-Reserves and Custody of Securities**, and reimbursed back to plans monthly.

## Item 16-Investment Discretion

SLAVIC has investment discretion for all the pre-allocated portfolios that it manages. While SLAVIC recommends mutual funds as investment options for retirement plans, the fund recommendations are subject to the approval of the sponsor's investment committee.

Clients of separately managed accounts have entered into investment management agreements containing powers of attorney. Such clients may, but typically do not, restrict the investment discretion of Slavic Mutual Funds Management Corporation by placing, or not placing, recommended trades themselves.

## Item 17-Voting Client Securities

SLAVIC does not vote proxies for clients. Most proxies are delivered directly to clients from the custodians.

## Item 18-Financial Information

### *Prepayment of Fees*

SLAVIC does not require prepayment of advisory fees.

### *Financial Condition*

SLAVIC does not have any financial condition that would be likely to impair its ability to meet its commitments to its clients and has not been the subject of a bankruptcy petition at any time during the past ten years.