

**Astraeus Advisers, LLC**

**FORM ADV PART 2A  
BROCHURE**

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This brochure provides information about the qualifications and business practices of Astraeus Advisers, LLC. If you have any questions about the contents of this brochure, please contact Christopher F. Yannella via phone at 847-825-2200, or via email at [cco@astraeusadvisers.com](mailto:cco@astraeusadvisers.com).

Additional information about Astraeus Advisers, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Astraeus Advisers, LLC is 148562.

Astraeus Advisers, LLC 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. 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.

March 24, 2017

## **Summary of Material Changes**

There were no material changes to Astraeus Advisers, LLC in 2016.

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## Advisory Business

Astraeus Advisers, LLC (hereinafter referred to as “Astraeus”) is a multi-family office providing investment advisory, financial planning, and family office services. Astraeus has been in business since 2008. Astraeus’s principal owner is Christopher Francis Yannella, CRD Number 453341. Mr. Yannella is an individual who is a direct owner, owning 100% of Astraeus, an Illinois Limited Liability Company.

Astraeus provides its investment advisory, financial planning, and family office services to high-net worth families, which consist of individuals, corporations, trusts, not for profit organizations, and other entities. The financial planning and family office services are bundled into the investment management advisory services of Astraeus and are not broken out separately as a service or for billing. Astraeus’s services include, but are not necessarily limited to, the following:

### Investment Advisory Services:

- Asset allocation
- Investment policy
- Performance reporting
- Portfolio management for individuals and entities
- Selection and due diligence of advisers and managers
- Selection and due diligence of custodians

### Financial Planning Services:

- Asset protection
- Cash flow planning
- Debt planning
- Employee benefit planning
- Estate planning
- Gifting strategies
- Income tax planning
- Insurance planning
- Negotiations and due diligence
- Philanthropic planning

- Risk mitigation
- Tax return compliance
- Titling of assets
- Wealth transfer strategies

Family Office Services:

- Account opening and closing paperwork
- Billpaying
- Bookkeeping
- Concierge services
- Family governance
- Financial statement preparation
- Personal assistant services
- Supervision and oversight of family advisors, vendors, and employees

Astraeus's advisory services are tailored to the individual needs of its clients. Prior to engaging Astraeus to provide investment advisory services, the client will be required to enter into one or more written agreements with Astraeus, which govern the terms and conditions under which Astraeus shall render its services (collectively the "Agreement"). In addition, Astraeus may only implement its investment advisory recommendations after the client has arranged for and furnished Astraeus with all information and authorization regarding accounts with appropriate financial institutions. Likewise, Astraeus will only implement its investment recommendations after the client consents to the recommendations. Accordingly, Astraeus conducts all investment advisory services on a non-discretionary basis. Astraeus will assess the investment profile and parameters of its clients, which are typically memorialized in writing in a customized investment policy statement for each family. Clients may impose restrictions on investing in certain securities or types of securities. Most often, these restrictions relate to their role as an officer of a publicly traded company.

Astraeus does not participate in a wrap fee program.

## Assets Under Management

As of December 31, 2016, Astraeus has the following amount of assets under management, for which it provides continuous and regular supervisory and management services:

Non-discretionary Assets Under Management	\$378,850,449
Discretionary Assets Under Management *	<u>\$442,384,143</u>
<b>Total Assets Under Management</b>	<b>\$821,234,592</b>

*\*Although Astraeus conducts all investment advisory services on a non-discretionary basis, certain of its clients have requested that Astraeus provide bill pay services, or that Mr. Yannella, individually, serve in a role as Trustee or Manager of certain entities, such as Trusts, Limited Liability Companies, and Partnerships, or as Agent under a Limited Power of Attorney. Due to Astraeus and Mr. Yannella agreeing to these requests, some of Astraeus's assets are required to be categorized as "discretionary". Neither Astraeus nor Mr. Yannella exercises any discretion over client assets, and Astraeus will only implement its investment recommendations after the client consents to the recommendations.*

## Fees and Compensation

### Types of Fees

Astraeus receives only four types of financial services fees from clients:

- 1) a flat annual fee; and/or
- 2) a fee based on the percentage of assets under management; and/or
- 3) a discretionary supplemental fee; and/or
- 4) hourly fees.

All fees are negotiable.

Astraeus and its clients may agree to a billing structure based on one or more of the above types of fees.

For the **flat fee**, the annual fee shall be charged monthly, quarterly, or semi-annually, in advance. The flat fee per client varies. The variation in fee amount is due to the complexity of the clients' financial situation as well as the anticipated time necessary to devote to the client.

For the **percentage-based fee**, the annual fee shall be charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter, to perform investment advisory, family office, and financial planning services. The annual fee shall vary depending upon the market value of the assets under management, and any breakpoints. For those clients whose fees are calculated as a percentage of assets under management, to the extent that clients authorize the use of margin, and thus employ margin in their investment portfolios, Astraeus will bill on the gross market value of the portfolio, and not net of any margin debt. Generally, Astraeus's percentage-based fee schedule is as follows:

Assets Under Management	Advisory Fees
\$1,000,000 (minimum):	1.00%
\$1,000,001 –\$3,000,000	.75%
\$3,000,001- \$5,000,000	.50%
\$5,000,001-\$10,000,000	.35%
\$10,000,001 - \$15,000,000	.25%
\$15 million and over	.20%

In addition to the flat fee or percentage-based fees, Astraesus may also receive from its clients a **discretionary supplemental fee** (commonly referred to as the “discretionary bonus”) for work performed in a given time period. The supplemental fee is not mandatory and always given at the discretion of the client, and is not billed for by Astraesus or mandated by the respective investment advisory contract. The primary purposes of the discretionary supplemental fee are (a) recognition of high quality and/or the value the client places on Astraesus’s services, and (b) recognition of time-intensive projects.

There is one client who specifically requested **hourly fees**. The hourly fees shall be charged quarterly, following the conclusion of each quarter.

## **Billing**

Astraesus bills clients either monthly, quarterly, or semi-annually, depending on the client’s preference. Nearly all of Astraesus’s clients are billed directly, and clients remit payment via check or wire. One client, for convenience purposes, has authorized Astraesus through the Custodian(s) to debit the client's account for the amount of Astraesus's fee and to directly remit that management fee to Astraesus in accordance with applicable custody rules. The Custodian(s) recommended by Astraesus have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management of fees paid directly to Astraesus. Astraesus’s clients are free to choose their preferred billing method and how often they are billed, and each client’s fee arrangement is carefully and accurately described in the written advisory Agreement with Astraesus.

## **Miscellaneous Fees Not Paid to Astraesus**

Financial institutions where clients custody assets shall include, but are not limited to, Schwab Institutional, Bank of America, JPMorgan Chase, BNY Mellon, Goldman Sachs, Vanguard, TD Ameritrade, Merrill Lynch, Citi Bank, and Wells Fargo Bank, and any other broker-dealer recommended by Astraesus, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Custodian(s)"). The Custodian may charge brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees and other related expenses which shall be incurred by the client. However, Astraesus shall not receive any portion of these commissions, fees, and costs. Fees charged by any of the broker-dealers or custodians are exclusive of and in addition to Astraesus’s fee.



### **Refund of Fees Upon Termination**

Astraeus generally charges its fees in advance. For the initial quarter of investment management services, the first quarter's fees shall be calculated on a pro rata basis. The Agreement between Astraeus and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Astraeus's fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

### **Additional Compensation**

Neither Astraeus nor any of its supervised persons accept compensation for the sale of securities or other investment products. Astraeus wishes to avoid any situations, arrangements, or incentivized compensation structures that present inherent conflicts of interest, and strives to remain fully objective in any advice it renders. Astraeus also receives some non-financial services fees as further described in the section entitled, "Client Referrals and Other Compensation."

### **Performance-Based Fees and Side-By-Side Management**

Neither Astraeus nor any of its supervised persons accept performance-based fees; therefore this section is not applicable.

## **Types of Clients**

Astraeus's clients generally consist of high-net worth families and individuals (net worth of \$25,000,000 or more). In addition to holding assets in their individual name(s), these client families often have several entities through which their assets are held, such as charitable organizations, limited liability companies, partnerships, and corporations. Astraeus does not impose a minimum portfolio size, and may accept clients of any size or waive its fee, based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities.

## Methods of Analysis, Investment Strategies and Risk of Loss

Astraeus's security analysis methods include charting, fundamental, technical, and cyclical. The investment strategies used to implement any investment advice given to clients include long term purchases, short term purchases, trading, short sales, and margin transactions.

The above described methods of analysis and investment strategies all involve risk of loss and may not be appropriate for all clients, depending on their risk-tolerance level, investment knowledge, and specific situation. Regardless of the method of analysis or the investment strategy used, investing in securities involves risk of loss that clients should be prepared to bear.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding

oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Disciplinary Information**

Neither Astraeus nor its owner, Christopher F. Yannella, has any disciplinary information to report.

### **Other Financial Industry Activities and Affiliations**

Mr. Yannella is the sole attorney for the Law Office of Christopher F. Yannella (hereinafter referred to as “Law Office”). Some clients of Astraeus are also clients of the Law Office. Clients are required to enter into a separate agreement with the Law Office to receive legal services from Mr. Yannella. The relationship between Astraeus, the Law Office, and client does not create any conflicts of interest; both Astraeus and the Law Office are fiduciaries and proponents for clients, and serve only the clients’ best interests in an objective manner.

Although Astraeus provides initial and ongoing due diligence on other investment advisors, and recommends and selects investment advisers for its clients, Astraeus does not receive compensation directly or indirectly from those advisers.

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

### **Code of Ethics**

Astraeus has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, Astraeus's Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Astraeus or any of its associated persons. The Code of Ethics also requires that certain of Astraeus's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. In addition, the Code covers such issues as the confidentiality of client information and the delivery and receipt of gifts by Astraeus or its access persons. Clients and/or prospective clients may contact Astraeus to request a copy of its Code of Ethics.

### **Personal Trading**

Astraeus and persons associated with Astraeus ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Astraeus's policies and procedures.

### **Client Transactions**

Generally, Astraeus and its associated persons will trade simultaneously with clients in block trades. If trading occurs in a limited security, the clients' transactions will always go first. Neither Astraeus nor any associated persons shall receive preferential treatment in trading or receive a better price than the clients if done simultaneously.

## **Brokerage Practices**



Astraeus does not have the authority to determine, without obtaining specific client consent, the broker or dealer to be used. Fees charged by any of the broker-dealers or custodians are exclusive of and in addition to the Astraeus's fee. Factors which Astraeus considers in recommending broker-dealers to clients include their respective financial strength, reputation, execution, pricing, research, and service.

### **Soft Dollars**

Astraeus may receive from various broker-dealers, without cost to Astraeus, computer software and related systems support, which allow Astraeus to better monitor client accounts maintained at that custodian. Astraeus may receive the software and related support without cost because Astraeus renders investment management services to clients that, in the aggregate, maintain a certain level of assets at the various broker-dealers. Specifically, Astraeus may receive the following benefits: referral networks, receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk that exclusively services its Registered Investment Advisor Group participants, access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, access to an electronic communication network for client order entry and account information and discounts for the purchase of software.

The commissions paid by Astraeus's clients shall comply with the Astraeus's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Astraeus determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of the research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Astraeus will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

### **Block Trading**

Transactions for each client generally will be effected independently, unless Astraesus decides to purchase or sell the same securities for several clients at approximately the same time. Astraesus may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Astraesus's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Astraesus's clients pro rata to the purchase and sale orders placed for each client on any given day. Commission cost may vary due to volume of assets or method of receipt of confirmations. In the event that Astraesus determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: cash balances, investment objectives, or limitations in investment guidelines.

A more thorough recital of Astraesus's trading allocation procedures is contained within its Compliance Manual. In addition, Astraesus corrects all trade errors through an Error Account at the various custodians. If there is a loss due to a trade error by Astraesus, Astraesus will make the client whole. If there is a gain in correcting the trade error, the gain will be retained by the respective custodian or retained in the respective trade error account.

### **Directed Brokerage and Brokerage for Client Referrals**

Due to the fact that Astraesus implements its trades with the client's selected custodian, it is allowing its clients to direct their brokerage. Accordingly, by directing their brokerage, Astraesus may not be able to aggregate orders or reduce costs and a client may receive less favorable prices. In addition, Astraesus does not direct brokerage for client referrals.

## **Review of Accounts**

Astraeus monitors client portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by Mr. Yannella or his designee(s). Astraeus endeavors to meet with each client on a quarterly basis, at minimum, depending on the client's availability. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Astraeus and to keep Astraeus informed of any changes thereto. Astraeus shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Astraeus may review a client account if there is a specific situation involving the client or a specific situation involving the markets, which causes a need for a review.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Astraeus regularly provides reports to its clients, typically on a monthly basis. These reports are customized for each client and therefore the contents may vary. Generally, these reports may include financial statements, relevant account and/or market-related information such as inventory of account holdings and asset values, asset allocations, and investment performance reports.

### **Client Referrals and Other Compensation**

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

Astraeus provides non-financial services in the form of personal assistant services to two or more advisory clients. Astraeus is compensated for such services.

## Custody

Astraeus regularly and continuously monitors Custodians, and recommends Custodians to its clients. Due to various concerns, such as potential for fraud, theft, dishonesty, or FDIC issues, Astraeus generally endeavors to recommend larger, well-known broker-dealers, banks, and trust companies to act as Custodians to its clients, including, but not limited to, Schwab Institutional, Bank of America, US Trust, Merrill Lynch, JPMorgan Chase, Vanguard, and Goldman Sachs.

To Astraeus's knowledge, Custodians mail account statements directly to the clients, and clients should carefully review those statements for accuracy and compare them to any and all reports created by Astraeus.

Some clients have also invested in a small number of start-up ventures, which they have identified on their own. Due to their entrepreneurial nature, these ventures do not provide account statements per se; however, evidence of the client's ownership is provided via financials, written updates, partnership units, limited liability company interests, or K-1s. Such entrepreneurial investments represent less than 1% of Astraeus's Assets Under Management, and there are very few of them.

Certain of its clients have requested that Astraeus provide bill pay services, or that Mr. Yannella, individually, serve in a role as Trustee or Manager of certain entities, such as Trusts, Limited Liability Companies, and Partnerships, or as Agent under a Limited Power of Attorney. In these roles either Astraeus or its owner, Mr. Yannella, has custody of client assets. In order to comply with the custody rule, Astraeus is required to undergo a surprise audit to verify customer accounts and assets, at least annually, and a Form ADV-E, along with the auditor's report is filed online.

### **Investment Discretion**

Astraeus does not accept discretionary authority to manage client assets and acts solely as a non-discretionary advisor; therefore this section is not applicable. However, please see note on page 3 of this brochure, regarding discretionary, non-discretionary and custodial services of Astraeus.

### **Voting Client Securities**

Astraeus does not vote proxies. Clients will receive proxies directly from the custodian. Clients may contact Astraeus to discuss any proxies received.

### **Financial Information**

Astraeus has never been the subject of a bankruptcy petition. Neither Astraeus nor its owner Christopher F. Yannella has any financial circumstances to report.



**Additional Information**