

# Disclosure Brochure

## **Schechter Investment Advisors, LLC**

*An SEC Registered Investment Adviser*

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*FY2019 Other-Than-Annual Amendment  
December 20, 2020*

*This Form ADV, Part 2A Firm Brochure provides information about the qualifications and business practices of Schechter Investment Advisors, LLC (hereinafter "SIA" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at 248-731-9500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about SIA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SIA is an SEC registered investment adviser. Registration does not imply any specific level of skill, training, or ability with respect to the provision of investment advisory services.*

## Item 2. Material Changes

This section of Schechter Investment Advisor's ("SIA" or the "Company") ADV Part 2A Disclosure Brochure ("Brochure") is intended to summarize material changes made to our Brochure since our last annual ADV Part 2A filing on April 29, 2019. In addition to the annual material changes itemized in the below bullet points, this specific Brochure was filed as an "other-than-annual update" on December 20, 2020 to update a change to the ADV Brochure since our FY 2019 annual filing on May 14, 2020. Specifically, SIA now imposes a management fee cap of 125 basis points (1.25%) on client assets managed by SIA, as described in *Item 5. Fees and Compensation*. Please note that the new fee cap is effective only for new SIA accounts opened on or after December 20, 2020 and does not change fees for current SIA clients. As always, please contact SIA at 248-731-9500 if you would like to request a copy of our most recent ADV Brochure.

### FY 2019 Material Changes Summary:

- Item 4. Company Ownership:

Company founder and owner Marc. R. Schechter acquired Jason R. Zimmerman's ownership interest in Schechter Investment Advisors, LLC ("SIA") at the end of the 2019 calendar year. Marc R. Schechter is now the sole direct owner and Sr. Managing Director of SIA. Mr. Zimmerman will remain as a Senior Advisor and integral member of Schechter's team of financial services and insurance professionals.

- Acceptance of PPP Loans Due to COVID-19

On April 17, 2020, SIA was granted a loan from PNC Bank in the amount of \$512,300 under the Paycheck Protection Program ("PPP"). While SIA does not currently believe the COVID-19 related pandemic will cause an interruption to its continued operations, or an imminent interruption that may disrupt our ability to perform advisory functions for our clients, the uncertainty surrounding this situation led us to believe, in good faith, that a PPP loan would be necessary to support ongoing operations. In particular, the proceeds of the loan will be used to retain workers and maintain payroll and other expenses.

SIA is providing its clients notice of its application for, and acceptance of, PPP loan proceeds in Item 2 of the ADV Brochure instead of Item 18 (Financial Information) because, although there is currently great uncertainty in the global financial market, at this particular point in time SIA does not believe that we meet the high standard reserved for important Item 18 disclosures for RIAs who are currently experiencing conditions that are "reasonably likely" to impair our ability to meet our contractual commitments to our clients and perform our fiduciary duties.

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## Item 4. Advisory Business

SIA offers financial planning and investment management services. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with SIA setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

SIA began operating as an independent registered investment adviser in October 2013. Effective January 1, 2020, Marc R. Schechter became the sole Direct Owner of SIA. As of December 31, 2019, SIA had \$1,102,511,551 of total assets under management, \$893,582,305 of which was managed on a discretionary basis and \$208,929,246 was managed on a non-discretionary basis.

While this brochure generally describes the business of SIA, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

SIA offers its clients a range of financial planning and consulting services, including:

- Asset Allocation
- Retirement Planning
- Estate Planning
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving Planning
- Income Tax Planning

While some of these services are available on a stand-alone basis, certain services may be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described below). In performing these services, SIA is not required to verify 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.

SIA may recommend services offered by its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a third-party broker-dealer in order to implement its recommendations, which creates potential conflicts of interest for those individuals (see *Item 10, Other Financial Industry Activities and Affiliation* for a further description of SIA’s conflicts of interest. Clients are advised that if they engage SIA to provide additional fee-based services, the client may retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by SIA under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including SIA itself.

**Investment Management and Wealth Management Services**

SIA manages client investment portfolios on a discretionary or non-discretionary basis. In addition, SIA offers clients wealth management services, which include the broad range of comprehensive financial planning and/or consulting services described on the previous page.

SIA primarily allocates client assets among various independent investment managers ("*Independent Managers*"), mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with the investment objectives of its individual clients. In addition, SIA may also recommend that clients who, at a minimum, qualify as accredited investors as defined by Rule 501 of Regulation D under the Securities Act of 1933, invest in privately placed securities, which may include debt, equity, or interests in pooled investment vehicles (e.g., hedge funds), including investments in private funds issued and managed by SIA's affiliated SEC registered investment advisor, Schechter Private Capital, LLC ("SPC"). See *Item 10, Other Financial Industry Activities and Affiliations* for a description of SIA's conflicts of interests relating to SPC.

Clients may also engage SIA to advise on certain investment products that are not maintained at their primary custodian, such as variable and fixed life and annuity insurance contracts, assets held in employer sponsored retirement plans, and qualified tuition plans (i.e., 529 plans). In these situations, SIA directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

SIA tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. SIA consults with clients on an initial and ongoing basis, at least once annually, to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are kindly asked to promptly notify SIA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if SIA determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

**Use of Independent Managers**

As mentioned above, SIA may select or recommend certain *Independent Managers* to manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either SIA or the client. In addition to this brochure, clients may also receive written disclosure documents of the *Independent Managers* engaged to manage their assets. SIA does not receive compensation from any such *Independent Manager*.

SIA evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the

*Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. SIA also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

On an ongoing basis, SIA monitors the performance of those accounts being managed by *Independent Managers*. SIA seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

#### Callan Associates, LLC

Callan Associates, LLC (Callan), a third-party federally registered investment adviser, is one of multiple third-parties SIA utilizes to select *Independent Managers* to use in client relationships. Callan evaluates independent money managers across multiple assets classes. Using qualitative and quantitative screens, Callan develops and provides SIA with a list of vetted and approved *Independent Managers*. In addition, Callan also negotiates lower investment minimums and fees with these *Independent Managers* for SIA clients. Finally, Callan provides ongoing due diligence on these managers to determine if they should remain on the approved list. SIA selects *Independent Managers* from this Callan approved list for use in client portfolios.

SIA works with Callan using two different investment platforms. The first is the Callan Unified Managed Account (UMA) platform. The Callan UMA platform is an integrated investment platform in which a client's assets can be invested in a single custodial account across multiple asset classes. On the UMA platform, Callan provides a list of approved independent managers (i.e. sub-advisors), whose portfolios are implemented by a Callan approved independent overlay manager, Managed Portfolio Advisors (MPA) a division of Natixis Global Asset Management. After portfolio implementation, MPA is responsible for the ongoing trading, tax loss harvesting and portfolio rebalancing of clients' accounts.

There are several fee components on the UMA platform. These include SIA's investment management fee, which is described in more detail under *Item 5. Fees and Compensation*, the fees for the various independent investment managers, the Callan fee, the MPA fee, and a custodial fee. The typical managed account minimum investment is \$100,000 of assets. The fees for the *Independent Managers* range from 18 basis points (0.18%) to 50 basis points (0.50%). The Callan fee is a sliding fee calculated based on assets under management ranging from 19 basis points (0.19%) on the first \$10 million of client assets invested on the UMA platform to 9 basis points (0.09%) for investable assets in excess of \$20 million. The MPA fee is also a sliding asset-based fee ranging from 17 basis points (0.17%) on the first \$3 million of investable assets to 6 basis points (0.06%) on assets in excess of \$100 million. The custodial fee at Pershing, where all clients invested on the UMA platform are currently custodied, is 6 basis points (0.06%) of investable assets. A client's specific fee will be dependent on several factors, including assets under advisement, portfolio allocation and the independent managers used to implement the portfolio. Client assets on the UMA platform are invested on a discretionary basis by MPA.

In addition to the UMA platform, SIA works with Callan through a separately managed account platform (SMA). On the SMA platform, client assets are invested in multiple accounts, each managed by an individual money manager that is responsible for performing their own trading on the account. Callan provides SIA with a list of approved managers. The fees on this investment platform include the SIA fee, the fees paid to the independent money managers and the custodian. On the SMA platform, the independent manager fees range from 19 basis points (0.19%) to 100 basis points (1.00%). The typical manager account minimum investment is \$1 million of assets. The assets on SMA platform are custodied at BNY Mellon. The BNY Mellon custodial fee is based on the value of assets custodied and ranges from 4 basis points (0.04%) to 9 basis points (0.09%) of assets. The assets on the SMA platform are invested on a non-discretionary basis.

SIA also has several clients invested through the Schwab Managed Account Select Platform. On this platform, Schwab does the money manager due diligence and provides SIA with a list of approved managers to use to implement client portfolios. On the Schwab platform, the typical manager minimum account size is \$100,000. The fees on the Schwab Managed Account Select Platform include the SIA fee and the Schwab fee. The Schwab fee is an asset-based fee which incorporates the fee to Schwab, the independent managers and the custodial fee. The fee for equity portfolios ranges from 100 basis points (1.00%) on the first \$250,000 invested in equities to 65 basis points (0.65%) for equity investments in excess of \$5 million. On fixed income portfolios, the fee ranges from 65 basis points (0.65%) on the first \$250,000 of assets invested to 45 basis points (0.45%) for assets in excess of \$5 million. The assets of the Schwab Managed Account Select platform are invested on a non-discretionary basis. The fees outlined above are independent of each other and the client is responsible for all independent fees.

### **Alternative Investments**

In addition to traditional investment vehicles, SIA also invests client assets using alternative investments and structured notes. SIA considers a variety of third-party alternative investment platforms and managers, such as, for example, the Capital Integration Systems, LLC (CAIS) platform, but may also consider direct investments with private hedge funds, private equity or debt funds, and other managers providing structured solutions.

CAIS sources and selects new funds for its platform through a due diligence process conducted by Mercer Investment Consulting (Mercer). The process typically includes discussions among CAIS, prospect funds, their managers, Mercer and other relevant third parties experienced with the managers. Products that are appropriate and desirable for the platform are subject to internal committee reviews by CAIS and full, independent diligence review by Mercer. Product onboarding occurs only following the successful completion of these processes. Following onboarding, a regular dialogue and review is maintained with respect to each fund so long as it remains on the platform. Use of the CAIS platform enables our clients to have access to alternative investments at meaningfully lower dollar amounts, often starting at \$100,000 minimum investments, than the funds usually require. The management fees and

the carried interest vary at the fund level. Finally, there are several hedge funds that we use that are not on the CAIS platform that we have independently vetted. The fees on these funds also vary by fund. The reporting of investments made using the CAIS platform on the statements of the custodians, Pershing Advisor Solutions LLC, or Schwab Advisory Services may lag as much as one quarter in arrears. For the purposes of both quarterly billing and performance reporting, we will use the value of the CAIS investments as reported on the Pershing monthly or quarterly statements.

### **Mutual Funds and ETFs**

SIA also utilizes mutual funds, ETFs, and other traditional securities in managing client portfolios. SIA performs internal research and analysis when considering any such investments. In addition, SIA has relied upon Callan to screen certain mutual funds for SIA. In addition to using Callan approved mutual funds when implementing client portfolios, SIA will also look to use mutual funds from additional platforms, including but not limited to, American Funds, and other index mutual funds and/or ETFs.

## **Item 5. Fees and Compensation**

SIA offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management or advisement. Additionally, certain Supervised Persons of SIA, in their individual capacities as registered representatives of third-party broker dealer Chalice Capital Partners, LLC (“Chalice”), may offer securities brokerage services to SIA clients. Certain *Supervised Persons* of SIA are also insurance agents of Robert Schechter & Associates, Inc (“Schechter Wealth”), may offer insurance products under a separate commission arrangement. See *Item 10. Other Financial Activities and Affiliations* for a discussion of conflicts of interest stemming from SIA *Supervised Persons* offering these non-advisory services. SIA fees are in addition to any other fees charged by the Independent Managers, or any other products mentioned above. Refer to Additional Fees and Expenses below.

### **Investment Management and Wealth Management Fees**

SIA provides investment management services for an annual fee based (“management fee”) on the amount of assets under SIA’s management. The fee varies depending upon the size of a client’s portfolio and the type of services rendered, and is capped at 125 basis points (1.25%) of a client’s assets managed by SIA.

The annual fee is prorated and generally charged quarterly in advance but may also be charged in arrears, based upon the market value of the assets being managed by SIA on the last day of the previous billing period. All Assets are subject to a minimum annual Wealth Management Fee of \$11,000.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client or unearned portion is refunded to the client, as appropriate.



**Fee Discretion**

SIA, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities. SIA family members of our advisor clients may benefit from an advisory fee discount.

**Use of Margin**

SIA may be authorized to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed on the account value net of margin debt, plus cash.

**Additional Fees and Expenses**

In addition to the advisory fees paid to SIA, clients will also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"), including Callan Associates and Managed Portfolio Advisors. These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, Hedge Funds, Callan Associates and Managed Portfolio Advisors; charges imposed directly by a mutual fund or ETF in a client's account, as 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 and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Clients are encouraged to read such prospectuses carefully to evaluate such fees. The Firm's brokerage practices are described at length in *Item 12*, below.

**Fee Debit**

Clients generally provide SIA with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SIA. Though generally not preferred, certain legacy clients have elected to have SIA send them an invoice for direct payment.

**Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. Clients may withdraw account assets on notice to SIA, subject to the usual and customary securities settlement procedures. However, SIA designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. SIA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

Incentivized

**Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with SIA, but not SIA directly, who are registered representatives of Chalice to render securities brokerage services under a separate commission-based arrangement with Chalice. Clients are under no obligation to engage such persons and may choose brokers or agents not associated with SIA. *Supervised Persons* may be entitled to a portion of the brokerage commissions paid to *Chalice*, as well as a **share** of any ongoing distribution or service (trail) fees from the (12b-1) sale of mutual funds. SIA may also recommend no-load or load- waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate agreement with *Chalice*. SIA does not receive any portion of commissions or transaction fees charged by *Chalice*.

**Item 6. Performance-Based Fees and Side-by-Side Management**

SIA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

**Item 7. Types of Clients**

SIA primarily provides its services to high-net-worth individuals, individuals (other than high net worth), trusts, estates, charitable organizations, corporations, and other business entities.

**Minimum Annual Fee**

As a condition for starting and maintaining an investment management relationship, SIA generally imposes a minimum annual fee of \$11,000. This minimum fee may have the effect of making SIA's services cost prohibitive for certain clients, particularly those with less than \$1,000,000 in assets under SIA's management. SIA, in its sole discretion, reserves the right to negotiate fees and may waive its minimum annual fee based upon certain criteria including, but not limited to, anticipated future earning capacity and additional assets, the dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. Additionally, certain *Independent Managers* may impose more restrictive account requirements and billing practices that differ from SIA. In such instances, SIA may alter its corresponding account requirements and billing practices to accommodate those of the *Independent Managers*.

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

### Methods of Analysis

SIA's method of analysis generally typically involves a combination of internal and third-party analysis of a fund or managers, management team, investment strategies, style drift, past performance, reputation, and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. In addition, SIA utilizes services and analytical software tools from Callan LLC ("Callan") and Independent Adviser Group ("IAG") to manage its client accounts. Such services and tools include capital markets and investment manager research and analytical tools that are used to assist in determining an appropriate asset allocation strategy, establishing investment manager structure and monitoring portfolio results versus relative benchmarks and peer groups.

Callan is the program coordinator to NGAM Advisors, L.P., the administrator and overlay manager of the Callan UMA program. SIA may recommend the UMA program to its qualified clients to achieve the benefits of multiple investment manager diversification. Callan may reduce or waive fees payable by SIA for IAG services based upon fees received by Callan attributable to SIA-client assets in the Callan UMA program. SIA is unaffiliated with Callan, though use of the Callan UMA program results in a potential conflict of interest for SIA, as the receipt of IAG services at reduced or wholly waived fees can create an incentive for SIA to recommend the UMA to its qualified clients. In fulfilling its fiduciary duties to its clients, SIA endeavors to always put the interests of its clients first and mitigates this conflict by supervising IAR's recommendations to the UMA platform.

### Investment Strategies

SIA uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client. The client may change these objectives at any time. Each client executes an Investment Policy Statement ("IPS") that documents the client's objectives and desired investment strategy. Investment strategies used by SIA include long-term purchases, short-term purchases, trading and margin transactions. SIA also offers advice to clients on investing in alternative investments, where appropriate.

In executing its investment management process, SIA utilizes a five-step methodology. Each step is important to the overall process:

1. Analyze Client Time Horizon and Risk Tolerance
2. Design the Asset Allocation Model Based on Client Profile
3. Formalize the Investment Process through the IPS
4. Implement the IPS through *Independent Managers, Mutual Funds, ETFs and Alternative Investments*
5. Monitor *Independent Managers, Mutual Funds, ETFs, and Alternative Investments*

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses, including loss of principal amounts invested.

### *Market Risks*

The profitability of a significant portion of SIA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that SIA will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which an open-end share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a closed end mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

SIA may recommend the use of *Independent Managers*. In these situations, SIA continues to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, SIA does not have the ability to supervise the *Independent Managers* on a day-to-day-basis.

*Management Through “Model” Accounts*

SIA manages certain accounts through the use of similarly managed “model” portfolios, whereby the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions affected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact SIA if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

*Use of Private Collective Investment Vehicles*

SIA recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. Hedge Funds and Private Equity Funds are typically not liquid investments, and investors may lose their principal investment. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation concerning the Investment Company Act of 1940. Due to the numerous risks of investing in these securities, clients should consult each fund’s private placement memorandum and other offering documents explaining such risks prior to investing.

*Master Limited Partnerships (MLPs)*

Master Limited Partnerships (“MLPs”) are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held.

*Use of Margin*

SIA may be authorized to use margin in the management of client’s investment portfolios. In these cases, the fee payable will be assessed on the account value net of margin debt, plus cash.

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally affected using capital borrowed from a Financial Institution, which is secured by a client’s holdings. Under certain circumstances, a Financial lending Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client’s outstanding obligations, which

could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

#### *Regulation*

Laws and regulations affecting the business change from time to time, and the Firm is currently operating in an environment of significant regulatory reform, both in the U.S. and globally. SIA cannot predict the effects, if any, of future legal and regulatory changes on the business or the services the Firm provides.

#### *Technology and Cybersecurity*

SIA and the Firm's clients depend heavily on telecommunication, information technology and other operational systems, whether the Firms' or those of others (such as custodians, financial intermediaries, transfer agents and other parties to which SIA or they outsource the provision of services or business operations). These systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond their control or the control of SIA. Further, despite implementation of a variety of risk management and security measures, SIA information technology and other systems, and those of others, could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on the Firm's business or the Firm's clients and could result in, among other things, financial loss, reputational damage, regulatory penalties or the inability to transact business.

#### *Reliance on Key Management Personnel*

The success of Advisers' investment strategies will depend, in substantial part, upon the skill and expertise of Messrs. Stein, Kent, and Hodari. The death, disability or departure of either Messrs. Stein, Kent, or Hodari may adversely affect SIA's business and performance. In the event of any such situation, SIA will continue operations in a manner consistent with its management succession and contingency planning.

## Item 9. Disciplinary Information

SIA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

### Registered Representatives of Broker Dealer

Some of SIA's *Supervised Persons* are registered representatives of *Chalice Capital Partners, LLC* (a *third-party broker dealer*) and may provide clients with securities brokerage services under a separate commission-based arrangement. SIA does not receive any compensation from this activity and the registered representative typically does not execute trades on behalf of SIA clients. If trades are executed on behalf of any SIA client, the client is informed of the capacity in which the Supervised Person is acting, and that the Supervised Person is not acting as an investment advisor representative of SIA.

### Schechter Private Capital

Schechter Private Capital, LLC ("SPC", formerly Maple Woodward Capital, LLC) was formed 2016 by Marc Schechter, Jason Zimmerman and Aaron Hodari with the intention serving as Manager and/or General Partner and investment advisor to select private funds ("SPC Funds"). Currently, SPC serves as the Manager and advisor to the various series of Schechter Private Capital Fund I, LLC which, through various series, pursues certain venture capital and private-equity strategies.

SIA may direct or recommend investments in SPC Funds to its client portfolios. SPC does not utilize third-party solicitors or placement agents and does not offer direct incentive compensation to SIA IARs for recommending SIA client investments in SPC Funds/Series. Such restrictions are designed to prevent incentives that SIA and SPC IARs, or other related persons, might have to recommend investments in SPC Funds or Series that may not be a suitable investment based on, among other things, a potential investor's overall financial goals, objectives, and investment risk tolerance.

Although SIA IARs receive no direct compensation for recommending client investments in SPC Funds or Series, the dual role of certain SIA IARs who also perform advisory duties on behalf of SPC could, depending on their role, lead the IAR to be conflicted between dual fiduciary duties owed to clients. In addition, some SIA IARs hold personal investments in SPC Funds/Series and, therefore, could possibly be incentivized to take on additional risk in directing or recommending SIA client investments in SPC Funds/Series, all of which could potentially indirectly benefit the IAR.

All SIA investment decisions, including recommendations to invest in any SPC Fund/Series, made by an IAR of SIA are made in accordance with SIA client's applicable investment goals and objectives. While the activities of certain key SIA and SPC staff will continue to overlap, the activities of applicable individuals associated with both SIA and SPC are reviewed by the CCO for compliance with SIA's Code of Ethics.

**Receipt of Insurance Commission**

SIA is under common control with Robert Schechter & Associates LLC (dba "Schechter Wealth" or "Schechter"), a licensed insurance agency. Certain SIA Supervised Persons are licensed insurance agents of Robert Schechter & Associates and, in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While SIA does not sell such insurance products to its investment advisory clients, SIA does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its advisory clients. A conflict of interest exists to the extent that SIA recommends the purchase of insurance products in which SIA's Supervised Persons receive insurance commissions or other compensation. SIA mitigates this conflict of interest through on-going supervision and training designed to ensure that recommendations are made in the client's best interest.

**CAIS Relationship**

SIA from time to time will recommend and facilitate investments on behalf of clients in alternative investments. Investments in alternatives are sometimes made through the platform of CAIS Capital LLC ("CAIS"), a registered broker-dealer. SIA benefits from using CAIS for alternatives as they conduct due diligence in addition to the due diligence SIA completes, and often has Mercer complete due diligence as well. Investments made through CAIS are made through feeder funds created by CAIS to gain access to the underlying managers or facilitated by CAIS for investors to subscribe directly to the desired fund. CAIS assists with administration, subscription documents, ongoing maintenance, and custodial platform recognition. Although SIA believes that we have expertise in alternative investments, SIA also benefits from the additional due diligence and administrative support done by CAIS. Although not currently the case, SIA may consider using competitive platforms going forward in addition to CAIS.

Aaron Hodari, SIA's Managing Director, sits on the advisory council for CAIS with other industry professionals. The purpose of the CAIS advisory council is to strategize on the direction of CAIS into the future. Mr. Hodari receives no compensation for this role but may be reimbursed for travel, lodging, and entertainment while attending advisory council meetings.

SIA first used CAIS for alternative fund access in 2015. Subsequent to this time, SPC made an investment in CAIS Holdings from a series of the private fund, Schechter Private Capital Fund I, LLC in early 2019. SPC's fund earns performance fees on the success of the underlying investments. CAIS generates revenue from subscriptions to funds on their platform and transactions they help facilitate in other investment or service-related engagements. There is a potential conflict whereby SIA could direct client transactions with CAIS to support the SPC investment. SIA principals believe the prior relationship with CAIS clearly indicates the business decision on behalf of SIA to work with CAIS is irrespective of the SPC investment. Further, the principals of both SIA and SPC act as fiduciaries to their clients and make investment recommendations based on the client's best interest.

**Enlightened Finance, LLC**

SIA has entered into a solicitor agreement with Enlightened Finance, LLC ("EFL"), a state-of-Michigan RIA partially owned by Marc Schechter. Certain EFL IARs are employed as insurance agents of Schechter Wealth. As a result, EFL periodically conducts advisory business from a shared office space. SIA requires EFL to remain separate from SIA operations and records and, though SIA has not yet received any referrals from EFL, any prospective client is required to be provided with appropriate disclosure of the close affiliation.



## Item 11. Code of Ethics

SIA has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. SIA’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders. Clients and prospective clients may contact SIA to request a copy of its Code of Ethics.

The Code of Ethics also requires certain of SIA’s personnel (called “Access Persons”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, SIA Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

While the Firm is considering a securities transaction on behalf of a client, no Access Person may knowingly affect for themselves or for their immediate family a transaction in that security unless: (i) the client transaction has been completed; (ii) the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or (iii) a decision has been made not to engage in the transaction for the client. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high-quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Specific to ERISA, IRA, Roth IRA, Keogh, or 401K accounts (“Retirement Investor”), SIA confirms that with respect to Retirement Investors it is acting as a fiduciary as defined by the Department of Labor and that advice is based on the particular investment needs of the advice recipient. As a fiduciary, SIA complies with the following Impartial Conducts Standards: (i) SIA will act in the best interest of client. This is defined as acting with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Investor, without regard to the financial or other interests of SIA, or any affiliate, related entity or other party. (ii) Compensation received by SIA (or its affiliates or related entities) with respect to any recommended transactions will be reasonable. (iii) SIA and its employees will not make any materially misleading statements to the Retirement Investor about recommended transactions, fees and compensation, conflicts of interest and any other matters relevant to the Retirement Investor’s investment decisions.

## Item 12. Brokerage Practices

SIA generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Advisor Solutions (“Pershing”), Schwab Advisor Services (“Schwab”), and BNY Mellon (“BNY”) for investment management accounts. Factors which SIA considers in recommending Pershing, Schwab, BNY, or any other broker dealer to clients include their respective financial strength, reputation, execution, pricing, research and overall service. Pershing, Schwab, and BNY enable SIA to obtain a wide variety of mutual funds without transaction charges as well as other securities at nominal transaction charges.

### Best Execution

The commissions paid by SIA’s clients comply with the Firm’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where SIA determines that the commissions are 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 Financial Institution’s range of services, including, execution capability, commission rates, and general responsiveness. SIA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SIA periodically reviews its recommendation of Financial Institutions in the context of its duty to obtain best execution. Clients are provided the opportunity to direct SIA to use a specific Financial Institution to execute some or all transactions for their account. In such cases, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by SIA (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads, or may receive less favorable net prices on transactions for the account than would otherwise be the case. SIA may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such an arrangement would result in operational difficulties or violate restrictions imposed by other broker-dealers.

### Batch Trading

Transactions for each client generally will be affected independently, unless SIA decides to purchase or sell the same securities for several clients at approximately the same time. In the latter situation, SIA 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 SIA’s client’s differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SIA’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that SIA determines to aggregate client orders for the purchase or sale of securities, including securities in which SIA’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SIA does not receive any additional compensation or remuneration as a result of the aggregation.

If SIA determines that a prorated allocation is not appropriate under the particular facts and circumstances, the allocation will be made according to other relevant factors, which could include: (i) in a situation where only a small percentage of the order is executed, shares may be allocated to the account with the smallest order, or the smallest position, or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, SIA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

**Commissions or Sales Charges for Recommendations of Securities**

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of Chalice. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Chalice provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through Chalice if they have not secured written consent from Chalice to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Chalice, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than Chalice under Chalice internal supervisory policies. SIA is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

**Software and Support Provided by Financial Institutions**

SIA may receive from Schwab, Pershing, and/or BNY Mellon, without cost to SIA or its clients, computer software and related systems support, which allow SIA to better monitor client accounts maintained at Pershing, Schwab and/or BNY. SIA may receive the software and related support without cost because SIA renders investment management services to clients that maintain assets at Schwab, Pershing, and/or BNY Mellon. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit SIA, but not its clients directly. In fulfilling its duties to its clients, SIA endeavors at all times to put the interests of its clients first. Clients should be aware; however, that SIA's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SIA's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

SIA may receive the following benefits from Schwab through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Additionally, SIA may receive the following benefits from Pershing through its Pershing Advisor Solutions division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Pershing Advisor Solutions participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Finally, SIA may receive the following benefits from BNY Mellon: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its BNY Mellon participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## **Item 13. Review of Accounts**

### **Account Reviews**

For those clients to whom SIA provides investment management services, SIA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis. For those clients to whom SIA provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by the Chief Investment Officer, or an investment adviser representative designated by the CIO. All investment advisory clients are encouraged to discuss their needs, goals and objectives with SIA and to keep SIA informed of any changes thereto. The Firm contacts 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.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. On a quarterly basis or as otherwise requested, clients may also receive written or electronic reports from SIA and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from SIA or an outside service provider. Those clients to whom SIA provides financial planning and/or consulting services will receive reports from SIA summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by SIA.

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

### **Client Referrals**

If a client is introduced to SIA by either a third-party solicitor or in-house employee solicitor, SIA may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. g. If the client is introduced to SIA by a third-party solicitor, the solicitor provides the client with a copy of SIA's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Employee solicitors of SIA are required to disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of SIA's written disclosure brochure at the time of the solicitation.

SIA may receive economic benefits in the form of research and educational services and analytical software tools from Callan that it uses to manage its clients' accounts at reduced or wholly waived fees based upon fees received by Callan that are attributable to SIA-clients' assets in the Callan UMA program. In addition, Callan has waived an annual retainer for its services that would be charged to SIA based upon the revenue Callan receives from SIA clients participating on the UMA program.

**Other Economic Benefits**

SIA is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Some SIA representatives may also be licensed insurance agents. SIA does not receive an economic benefit; however, the individual investment advisor representatives may receive compensation for acting as insurance agents or making insurance related referrals to Schechter Wealth.

**Item 15. Custody**

SIA's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize SIA through such *Financial Institution* to debit the client's account for the amount of SIA's fee and to directly remit that management fee to SIA in accordance with applicable custody rules.

The *Financial Institutions* recommended by SIA have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to SIA. In addition, as discussed in Item 13, SIA may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from SIA.

**Item 16. Investment Discretion**

SIA may be given the authority to exercise discretion on behalf of clients. SIA is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. SIA is given this authority through a power-of-attorney included in the agreement between SIA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). SIA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

**Item 17. Voting Client Securities**

SIA is required to disclose if it accepts authority to vote client securities. SIA does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*, or the proxies are voted by the *Independent Managers*.

**Item 18. Financial Information**

SIA is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.