



IRONSHORE FINANCIAL, LLC  
Form ADV, Part 2A  
Investment Adviser Brochure  
February 28, 2020

This brochure provides information about the qualifications and business practices of IRONSHORE FINANCIAL, LLC. If you have any questions about the contents of this brochure, please call us at (251) 422-7307 or email us at [compliance@ironshorefinancial.com](mailto:compliance@ironshorefinancial.com). 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 IRONSHORE FINANCIAL, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

IRONSHORE FINANCIAL, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any particular level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

9602 Kasey Court  
Daphne, AL 36526  
(251) 422-7307  
[www.ironshorefinancial.com](http://www.ironshorefinancial.com)



## **Item 2 – Material Changes**

This brochure represents an annual amendment filing of Form ADV, Part 2A for IRONSHORE FINANCIAL, LLC. There are no material changes since the last filing.

Additional information about IRONSHORE FINANCIAL, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with IRONSHORE FINANCIAL, LLC, who are registered, or are required to be registered, as investment adviser representatives of IRONSHORE FINANCIAL, LLC.

### Item 3 - Table of Contents

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

## Item 4 – Advisory Business

IRONSHORE FINANCIAL, LLC (“IRONSHORE”) was established in February 2018 to provide pension consulting services to qualified retirement plans. IRONSHORE is registered with the United States Securities and Exchange Commission, and the principal owner is E. Dean Speer. IRONSHORE provides investment services to sponsors of qualified retirement plans as a fiduciary advisor or fiduciary investment manager as those terms are defined by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

### Pension Consulting Services

IRONSHORE provides investment and fiduciary consulting to qualified retirement plans and their sponsors. Generally, these plans will provide for participant-directed investments limiting the scope of IRONSHORE’s investment service to discretionary or non-discretionary actions related to the options made available for the participants’ selection. As of December 31, 2019, IRONSHORE was contracted to deliver pension consulting services to 20 clients with aggregate plan assets of nearly \$865 million. These services typically include:

- Preparation and maintenance of an Investment Policy Statement (“IPS”)
- Initial and ongoing comprehensive evaluation of the plan’s investment menu, including
  - Appropriateness and diversification of asset classes and representative investment options
  - Recommendation or selection of investment managers
  - Availability of asset allocation tools or strategies
  - Designation of a Qualified Default Investment Alternative (“QDIA”)
- Quarterly documentation to evidence the fulfillment of these fiduciary duties
- Periodic review & consultation with client designee(s)
  - Investment fiduciary responsibilities
  - Other Plan fiduciary governance matters, as appropriate

### *Investment Policy Statement*

IRONSHORE provides an IPS that may be used by the client as a guide or template in the preparation of their unique policy statement or adopted in its current form as the basis for managing the investment aspects of the Plan. This IPS contains the standard provisions that should be present in a comprehensive investment policy: 1) roles and responsibilities, 2) investment guidelines and restrictions, 3) ERISA compliance matters, and 4) review and evaluation criteria. The process for conducting the ongoing review and evaluation of the investment options is detailed and specific to the proprietary methodology followed by IRONSHORE.

### *Investment Evaluation*

Both the initial and ongoing evaluation processes involve consideration of menu construction and specific investment vehicles made available to participants. IRONSHORE designs an investment menu that offers a broad range of asset classes and/or investment styles to allow participants the opportunity to construct a diversified portfolio that is customized to their needs. Selection of the

individual investment options is based upon IRONSHORE's proprietary evaluation methodology. The foundation for this process is a quantitative scorecard that incorporates 9 measurement criteria over three distinct time horizons to rank an active manager's performance relative to his peers using a cumulative total of 105 data points each month. Passively managed investments are evaluated based on their ability to achieve their stated objectives as opposed to being ranked against their peers. However, the passive scorecard also is a robust quantitative methodology that evaluates 6 criteria over three distinct time horizons to critique 96 data points monthly.

Each of these evaluation processes is fully documented and completed by batch-process execution in a third-party software application using data exclusively provided by a recognized leader in the industry who is independent of IRONSHORE. The evaluation criteria were chosen to address performance (return and risk) and process (consistency and efficiency) characteristics of each investment strategy. IRONSHORE considers the persistence of a manager's ranking (outperformance or underperformance) over a reasonable time period as the primary factor in the decision-making process for either retaining or replacing that particular investment option. However, the quantitative scoring is not the only evaluation factor given consideration. IRONSHORE includes qualitative aspects of manager evaluation (people, process, firm culture or philosophy etc.) and other third-party evaluation tools (i.e. asset allocation or Target Date Fund analysis software) in the comprehensive review upon which its recommendations or decisions are based.

#### *Periodic Review*

IRONSHORE prepares and delivers to clients an Evaluation & Monitoring of Plan Investments report on a quarterly basis. The report communicates the results of the ongoing evaluation process and documents the use of a prudent process for fulfilling the investment fiduciary responsibilities required by ERISA. Generally, on a less-frequent basis (either semi-annually or annually), IRONSHORE conducts a detailed review of this report with the client designee(s). Such review may be completed in person or via telephonic conference depending on the client needs or desires and the specific arrangements defined by the service agreement.

#### *Investment Management*

IRONSHORE may provide discretionary investment management services to certain clients. These services are in accordance with a written agreement with the client authorizing IRONSHORE to exercise discretionary authority as an "investment manager" to the named fiduciaries of the plan as this term is defined by §3(38) of ERISA. Eighteen of our clients with aggregate plan assets of more than \$87 million have chosen this level of fiduciary service. At a minimum, IRONSHORE's discretionary authority involves selection of investment options for the retirement plan "menu" from which participants may choose how to allocate their account balance. Frequently, this service also includes the construction of model portfolios that present diversified asset allocation strategies designed to alleviate the participant's burden of making a less-informed allocation decision. In these circumstances, IRONSHORE exercises complete discretion in portfolio management decisions, including asset allocation and security selection. One or more of these model portfolios may also be chosen as the QDIA for the plan. IRONSHORE asserts that its selection of a QDIA will comply with the Department of Labor's guidance for such a choice.

## **Item 5 – Fees and Compensation**

IRONSHORE enters into a written Fiduciary Consulting and Advisory Services Agreement with each client and fully discloses all fees to be charged for the contracted services. These fees are negotiated on a case by case basis depending on the specific circumstances of the engagement (i.e. scope of services, expected time and effort, etc.). Generally, fees covering investment services are agreed to as fixed amounts to be charged on an annual basis and billed quarterly in arrears. The exception to this rule relates to portfolio management fees associated with unitized models built on a third-party platform, whereby management fees are accrued daily as a component of a synthetic Net Asset Value and remitted to the investment manager monthly. Although fees generally are fixed and negotiated, we expect the amount to have some relation to, and initially be derived from, the amount of plan assets.

Actual fees charged may vary significantly from client to client, but we expect such variation to correlate positively with differences in the scope and value of service the client receives. Pension consulting fees are expected to fall in a range of approximately 0.05% to 0.20% of covered plan assets. The variability in fees among clients may exist even when the services IRONSHORE provides these clients are similar.

IRONSHORE's fees are in addition to, and separate and distinct from, the fees and expenses that may be charged by mutual funds, ETF's, independent advisors of separate accounts or any other investment product or service that may be chosen to execute an investment strategy. These fees are disclosed in each fund's prospectus or other disclosure documents. Clients may also incur other fees or commissions charged by custodians, brokers or other third parties. IRONSHORE does not receive any portion of these fees, expenses or commissions. The only compensation IRONSHORE receives for services is that which is explicitly stated in the service agreement.

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

IRONSHORE does not charge performance-based fees.

## **Item 7 – Types of Clients**

IRONSHORE provides investment services to sponsors of qualified retirement plans.

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

### Methods of Analysis

IRONSHORE's investment processes are based upon a preponderance of research that concludes two important realizations: 1) asset allocation is the predominant driver of investment returns, and 2) investment decisions typically are imprudently influenced by investor emotion that leads to portfolio under-performance and failure to meet objectives. We analyze investment research, historical market performance, current macro-economic and securities' markets conditions, and individual security characteristics to construct an independent, reasonable basis for our investment decisions. IRONSHORE bases its advice on Modern Portfolio Theory (MPT) and post-MPT concepts as well as fundamental and technical analyses. The information used to conduct such evaluation may be obtained from public

sources or subscription services that compile and make available various types of fund and/or portfolio manager data, in addition to computer software to assist in the calculations.

## Investment Strategies

### **Philosophy:**

IRONSHORE's investment philosophy underscores the specific strategies followed when making asset allocation and security selection decisions for clients. Investing is risky business, and to be successful one should recognize that it's more about managing risk than seeking return. Naturally, investors demand a risk premium, which dictates that markets are expected to deliver higher returns where higher degrees of uncertainty exist. When the risk/reward relationship is understood and properly aligned with the investor's objectives for each, reasonable expectations can be established and appropriate planning can follow. The uninformed are more likely to be overly optimistic or to incur excessive risk, resulting in ill-timed decisions and less favorable outcomes. Successful investing requires a clearly defined purpose and a disciplined approach that involves reasonable assumptions in all aspects of wealth creation and accumulation. Once risk is correctly accepted as a choice instead of fate, portfolio management becomes a measurable component in the overall process instead of a game of chance. IRONSHORE's philosophy, and by extension its investment strategies, are supported by rigorous academic research and generally strive to capture returns equivalent with historical market performance while minimizing risk.

### **Asset Allocation:**

IRONSHORE believes that properly allocating a client's assets is the most important factor in the ultimate realization of a successful investment strategy. We employ a valuation-based asset allocation strategy, which represents a core-satellite approach to the portfolio asset allocation decision. The "core" establishes target, "neutral" allocations to broad asset categories and sub-categories. These neutral allocations are strategic in nature designed to support a long-term investment horizon over complete market cycles. The "satellite" component incorporates tolerance ranges to accommodate variation to the neutral allocations for tactical adjustments in response to shorter-term economic and market expectations. IRONSHORE utilizes various software tools and models to aid in the determination of the combination of investments that offers the optimal expected return for a given level of risk.

### **Security Selection:**

Despite the aforementioned focus on asset allocation, security selection still plays an important role in overall portfolio management. IRONSHORE uses primarily mutual funds and ETF's (hereafter, collectively "funds") as investment options when constructing client portfolios. A first-level decision when selecting funds for a particular asset class will involve the consideration of active versus passive management. Actively managed funds typically come with higher fees and increased levels of volatility. Periodically, an active manager is successful in delivering positive, excess risk-adjusted returns. No single actively managed fund, however, has proven to persistently beat the benchmark index.

Similar to the core/satellite approach to asset allocation, IRONSHORE uses passively managed funds to build a core foundation to the client portfolio. Active funds are used to supplement "index returns" in asset classes or market environments where manager skill and active risk are deemed to have more opportunity to enhance performance. Decisions beyond the first-level involve comparative analysis of funds based on key quantitative and qualitative criteria. Quantitative criteria are consistent with MPT and



focus on risk, return and the combination of the two. Cost is also an important consideration to evaluate that the fund produces adequate return to justify its fees.

### Risks and Other Limitations

All investments, including mutual funds and ETF's, present the risk of loss of principal. Clients should prepare to bear this risk by considering their investment horizon, objectives and tolerance for risk, among other factors. Funds, such as those we typically use in client accounts, are not guaranteed by any agency or program of the US government or by any other person or entity. There also is no guarantee that IRONSHORE's investment methodology will result in a positive investment return for any client portfolio.

The funds, and the marketable securities in which they invest, are subject to a variety of risks that may include but are not limited to:

- Business risk – the risk associated with a particular company or industry with which it is associated
- Credit risk – the risk that the credit quality of a fixed-income security may deteriorate and lower the security's value
- Currency risk – the risk that securities denominated in a foreign currency will decline in value due to fluctuations in the exchange rate with the US dollar
- Foreign investment risk – the risks, other than currency risk, associated with foreign investments such as unstable political or economic conditions, foreign taxation, regulation and controls as well as lack of transparent information or variation in accounting standards
- Inflation risk – the risk that purchasing power is eroded by inflation
- Interest Rate risk – the risk that interest rates will increase and reduce the value of existing bonds
- Liquidity risk – the risk that investments cannot be readily converted to cash
- Market risk – the risk that a security's price will decline in reaction to events not directly associated with the security issuer
- Non-diversification risk – the risk that business or portfolio concentrations will limit the ability of the security to retain value when said concentrations create stress conditions
- Reinvestment risk – the risk that future repayments of fixed-income principal and interest will have to be reinvested at lower rates

Previously mentioned references to Modern Portfolio Theory concepts should not be construed as any guarantee of efficiency in expected returns as compared to portfolio risks. IRONSHORE applies a variety of criteria in choosing funds for each asset class, including historical returns, fee ratios, management tenure and other criteria, the application of which may cause a recommended portfolio to be theoretically less efficient than it might have been had other fund criteria been utilized. IRONSHORE's ability to match funds to asset classes for any given plan may be limited due to limitations in the number and/or types of funds offered in any particular plan.

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

IRONSHORE has no disciplinary information to report. Neither IRONSHORE nor anyone associated with the Company is now or ever has been the subject of a criminal or civil action, administrative proceeding of a governmental regulatory authority, or Self-Regulatory Organization proceeding.

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

IRONSHORE has no financial industry activities or affiliations to report.

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

IRONSHORE's principal may from time to time purchase or sell, or hold positions for his personal accounts, in securities that may also be, or have been, or will be recommended by IRONSHORE to its clients.

### **Code of Ethics**

IRONSHORE has adopted a Code of Ethics ("Code") to establish principles of conduct and to detect and avoid conflicts of interest that may arise between employees and clients as a result of personal investing activities. The Code is designed to ensure, among other things, that employees conduct their investing activities in accordance with applicable law and in a manner where clients' interests are placed first and foremost. IRONSHORE's Code applies to all employees of IRONSHORE and any account in which an employee has control or a beneficial interest as well as the accounts of family members of each employee's immediate household, as further described in the Code.

The Code requires employees to report all accounts and securities holdings covered by the Code at the commencement of their employment and annually thereafter. In addition, on a quarterly basis, all employees are required to report all covered securities transactions executed during the quarter. Additionally, the Code requires all employees to pre-clear transactions in initial public offerings and private placements.

Certain securities are exempt from the requirements of the Code including open-end mutual funds which are neither managed nor affiliated with IRONSHORE, money market funds, money market instruments, unit investment trusts that are invested in open-end mutual funds and U.S. Government securities.

A copy of IRONSHORE's Code of Ethics can be provided to any current or prospective client upon request.

### **Insider Trading Policy**

In addition to its Code of Ethics, IRONSHORE has established an Insider Trading Policy. IRONSHORE's Insider Trading Policy includes specific requirements regarding the possession of material non-public information ("MNI") in order to avoid situations that may violate applicable statutes or regulations or create an appearance of impropriety. IRONSHORE's Insider Trading Policy strictly forbids any employee from (i) conducting trades, either personally or on behalf of others, including clients of IRONSHORE, while in possession of MNI; or (ii) communicating MNI to others.

## **Item 12 – Brokerage Practices**

IRONSHORE does not recommend brokers to its clients.

### **Item 13 – Review of Accounts**

IRONSHORE is organized as a limited liability company but is operated as a sole proprietorship by E. Dean Speer; therefore, only he is responsible for review of accounts. Such reviews are conducted on a regular, ongoing basis as that is the nature of fiduciary service provided to retirement plan clients. In addition, pension consulting services are delivered in a collaborative relationship with other service providers (i.e. Third-Party Administrators, §3(16) Plan Administrators, and even other independent advisors), all of which should serve as external, independent reviewers of the retirement plan client accounts. The client is also involved in account review via online access to plan information and the quarterly Evaluation & Monitoring of Plan Investments report.

IRONSHORE provides plan sponsor clients with a quarterly investment review that evaluates each investment option's performance and our proprietary ranking within its peer group. Based on this information and the IPS, IRONSHORE determines if an investment option should be retained in or removed from the Plan. If replacement of an investment option is warranted, IRONSHORE will select or recommend one or more alternatives to the fund being removed.

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

IRONSHORE is not currently party to any agreements to compensate anyone for client referrals.

### **Item 15 – Custody**

IRONSHORE will not maintain custody of client assets.

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

IRONSHORE often exercises discretionary authority over client's assets for services previously described in item 4. IRONSHORE's authority to take discretionary action on behalf of a client is obtained through an executed Fiduciary Consulting and Advisory Services Agreement.

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

IRONSHORE does not vote proxies on behalf of clients. Clients will be responsible for instructing each custodian of their assets to forward to the client copies of all proxies and shareholder communications related to the client's assets. If proxy solicitations are received by IRONSHORE, they will be forwarded to the client so they can vote them in accordance with their wishes. The responsibility for directing the manner in which proxies are voted will be exclusively retained by the client.

## **Item 18 – Financial Information**

IRONSHORE does not have any financial considerations that are likely to impair its ability to meet its contractual commitments to its clients. IRONSHORE does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.