



## **Part 2A of Form ADV: Firm Brochure**

### **Stelac Advisory Services LLC**

654 Madison Avenue, 11<sup>th</sup> Floor  
New York, NY 10065

Telephone: 212-920-3890  
Email: [lina.arias@stelac.com](mailto:lina.arias@stelac.com)  
Web: [www.stelac.com](http://www.stelac.com)

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This brochure provides information about the qualifications and business practices of Stelac Advisory Services. If you have any questions about the contents of this brochure, please contact us at 212-920-3890 or [lina.arias@stelac.com](mailto:lina.arias@stelac.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 Stelac Advisory Services also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 145103.

## **Item 2 – Material Changes**

Since the date of our last Other-Than-Annual amendment filed on February 28, 2020, there have been no material changes. However, this brochure includes a variety of wording changes and clarifications from the last amendment.

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## **Item 4 – Advisory Business**

Stelac Advisory Services LLC (“Stelac”) is a SEC-registered investment adviser with its principal place of business located in New York. Stelac began conducting business in 2007 to provide primarily international (non-US) clients with a comprehensive multi-family office solution. We act as independent and unbiased intermediaries between our clients and their financial institutions. Our primary role is to consolidate all of our client's banking relationships into one platform and advise clients on asset allocation, estate planning, family governance and philanthropic endeavors. Our clients include trusts or other entities in which individuals may use to control their liquid assets.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Integer LLC\*
- CVC Holdings LLC
- Carlos E. Padula

\* CVC Holdings and Carlos E. Padula are the sole owners of Integer LLC, the sole owner of Stelac Advisory Services LLC.

Stelac offers the following specific advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES (“ISS”) INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary and/or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, capital preservation, or growth and income). As of December 31, 2019, we managed approximately \$1,557,504,447 regulatory assets on a discretionary basis and \$353,451,311 assets on a non-discretionary basis.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or custodian, and will generally include advice regarding the following types securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- United States governmental securities
- Interests in partnerships, whether private equity and/or hedge funds
- Other liquid or illiquid securities the client may desire, such as structured products, currency forward contracts, third-party managers, etc.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. The following are the three primary model portfolios we use with our clients. In some cases, depending on the client's needs, we may blend two model portfolios into one.

- **"Loss Aversion" Portfolio** - designed for income-oriented investors who cannot tolerate significant losses. Contains substantial cash and fixed-income investments to mitigate risk and seek to assure positive returns in 95% of the investment environments with minimal drawdowns otherwise. Anchored to a portfolio risk target of 3% - 4% in long term volatility.
- **"Moderate Risk" Portfolio** - created for the majority of high net worth investors who are prepared to take more downside risk in exchange for higher long-term returns. Is essentially the mid-point between the loss aversion and the fully invested (no cash) portfolio and blends the characteristics (returns and risks) of the two extremes.
- **"Fully Invested" Portfolio** - Appropriate for more aggressive investors with a perpetual horizon (such as institutions). Minimizes cash exposure to the extent possible. Expected

to deliver the highest long-term return but also will exhibit substantial losses on occasion. The portfolio is benchmarked to a 75%/25% global stock and bond allocation.

We manage these advisory accounts on a non-discretionary basis in the vast majority of cases. Some clients may grant limited powers of attorney on certain specific custodial accounts for convenience and logistical purposes. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, capital preservation, or growth and income).

Through personal discussions with the client in which the client's goals and objectives are established, we determine which model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or custodian, and will generally include advice regarding the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- United States governmental securities
- Interests in partnerships, whether private equity and/or hedge funds
- Other liquid or illiquid securities the client may desire, such as structured products, currency forward contracts, third-party managers, etc.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. At least quarterly, send reports outlining a client's portfolio, including but not limited to existing asset allocation, currency denomination, custodial relationships, inflows, outflows, fees, performance, and transactions executed during the period;
2. At least quarterly, provide client with a more detailed analysis of their portfolio and suggest a rebalancing strategy to meet the client's investment objectives, and whether the client wishes to make any other changes to the portfolio or its investment objectives;
3. Be reasonably available to consult with the client;
4. Maintain client suitability information in each client's file; and
5. During certain periods of extreme movement or volatility in the financial markets, client accounts are reviewed to determine an appropriate course of action, if needed.

### **MANAGER OF MANAGERS PROGRAM**

Stelac launched a segregated portfolio company called Stelac SPC ("SPC"), a Cayman Island based entity. The primary purpose of the SPC is to provide clients, and potentially to select third party high net worth individuals and/or families, with access to private equity funds and other private investment vehicles. SPC was launched with its first investment in April 2016. SPC serves as a product solution available to clients to diversify their equity allocation within the Stelac asset allocation. The mission of SPC is to provide investors with a transparent structure that has the potential to deliver superior equity returns to applicable foreign and domestic markets, at a minimum cost. Manager selection is based on the track record of the manager(s), investment strategy and how Stelac views the applicable foreign and domestic macro and market environments at the time.

SPC is only available to non-US investors and subscriptions to SPC require the approval of Stelac's Chief Financial Officer and SPC's independent administrator. Target investments of SPC are third party private equity managers who have no relationship with Stelac or any of its employees, officers or owners. Stelac has no financial interest in any of the private equity funds or vehicles in which SPC invests. No employees are currently invested in SPC.

SPC is available to employees provided they meet the subscription requirements set forth in the SPC offering documents, as well as meet the "Pre-Clearance Required for Private or Limited Offerings" requirements set forth in the Stelac Code of Ethics Handbook, which is available upon request to any person who wishes to review it, including clients and prospective clients.

Clients should refer to the SPC offering memorandum for additional information.

In certain cases, we may identify third party asset managers that could fit well within a client's portfolio strategy and investment objectives. If so identified, we may recommend on a non-discretionary basis a particular asset manager for the client to consider for their investment portfolio. If a manager is selected by the client, on an ongoing basis, we monitor the performance of the asset manager(s). If we determine that a particular asset manager is not providing management services to the client which are consistent with the level of service provided by other similarly situated asset managers, or is not managing the client's portfolio in a manner consistent

with that client's investment objectives, then we may recommend the client move the client's portfolio to a different asset manager, program sponsor or investment vehicle.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on isolated area(s) of concern such as estate planning, trusts, philanthropic endeavors, family governance, retirement planning, or any other specific topic. We may also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or custodial bank. All recommendations are of a generic nature.

## **Item 5 – Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES (“ISS”)**

Our annual fees for ISS are based upon a percentage of assets under management/supervision and generally range from 0.40% to 1.00%, depending on the size and complexity of the client. Billing is generally done quarterly in arrears based on the average monthly value of the gross assets in the applicable quarter. The client may pay fees directly to Stelac or authorize a deduction of the fees from their account.

**Limited Negotiability of Advisory Fees:** Although Stelac has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, level of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the Stelac and each client.

There are no required minimums of assets under management for Stelac's investment supervisory services at this time.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **MANAGER OF MANAGERS FEES**

Stelac, in its role as investment manager of SPC, may charge certain non-advisory sophisticated investors (i.e., not existing Stelac investment supervisory clients), an annual management fee on such client's net asset value in SPC. Such management fee, if charged, is billed monthly in arrears based on the net asset value of the investor at the end of the month. All calculations of net asset value and fees are done by SPC's independent administrator. Existing Stelac investment



supervisory clients already pay an annual fee for Stelac services in which the investment in SPC is already considered as part of their gross assets. Therefore, no additional fees are charged to Stelac investment supervisory clients as it relates to their investment in SPC.

We do not receive or collect any fees from any third-party asset managers we may recommend to clients as part of their overall portfolio strategy. Any fees charged by such third-party asset managers are charged directly to the client by the third-party asset manager as part of their relationship with the client.

Stelac does not control the fees or the billing arrangements of any selected asset manager. For a complete description of the fee arrangement including billing practices, minimum account requirements and account termination provisions, clients should review the independent investment adviser's Firm Brochure or other disclosure document.

### **CONSULTING / DATA AGGREGATION SERVICES FEES**

Stelac's Consulting and Data Aggregation Services fee for non-investment supervisory "clients" is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting and Data Aggregation Services fees are calculated and charged either: (a) on a fixed fee basis, typically ranging from \$30,000 to over \$250,000 per year; or (b) on a percentage of assets basis depending on size and complexity, and subject to the specific arrangement reached with the client.

Existing investment supervisory clients receive consulting and data aggregation services as part of their fee arrangement with Stelac.

All clients using Consulting and Data Aggregation Services are generally billed quarterly in arrears.

### **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** All advisory client agreements have no defined term or length of service. A client agreement may be canceled at any time, by either party, upon written notice to the other party without payment of a penalty. If a client relationship is terminated prior to the end of a quarter, fees associated for such quarter will only be charged up to the date of termination.

**Mutual Fund Fees:** All fees paid to Stelac for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transaction for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Stelac does not charge performance-based fees.

## **Item 7 – Types of Clients**

Stelac currently provides advisory services primarily to international (non-US) high-net-worth individuals, families and institutions. These individuals may use trusts or other entities to control their liquid assets. Such entities in some occasions can become the contracted client of the firm.

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

### **METHODS OF ANALYSIS**

Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance and based on our model asset allocation portfolios. The primary securities used for our client portfolios are ETFs. Clients may desire to use third party asset managers or managed accounts in which we will consider as part of the overall asset allocation of the client. If so, we conduct extensive research on manager performance, investment approach, criteria and strategy to manage our clients' assets. We will also rely on official raw data from government agencies, electronic feeds from providers like Bloomberg, and data and performance information obtained directly from third party money managers and subscription services to conduct our analysis of investment products for our clients, including ETFs.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

## **INVESTMENT STRATEGIES**

We use our model portfolios as a strategy to managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

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

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our Chief Financial Officer and one of our owners are involved in investing in private equity and venture capital transactions on behalf of Stelac Capital Partners LLC, an exempt reporting adviser. Stelac Capital Partners LLC has no direct relationship with Stelac other than a partial shared name and partial common ownership. Although Stelac Capital Partners LLC and Stelac share some common partial ownership, they operate operationally independently and as separate advisory services businesses, subject to different management oversight. However, from time to time Stelac Capital Partners LLC may make investment opportunities available to Stelac clients. Stelac may determine whether an investment is suitable for a client but will only present them on a non-discretionary basis, subject to client consent, following full disclosure of the material facts and potential conflicts of interests.

Stelac Capital Partners LLC provides investment and management services separate and distinct from those provided by our firm, and receive separate compensation in addition to the compensation received by Stelac. As a matter of internal policy, Stelac Capital Partners LLC investment opportunities are generally not presented to our investment supervisory clients, but since 2014 a limited number of clients have participated in private equity fund investments managed by Stelac Capital Partners LLC. There are no referral fee arrangements between our firm and Stelac Capital Partners LLC. No Stelac client is obligated to invest in any of Stelac Capital Partners investment opportunities, or placed in such investments on a discretionary basis. Stelac does not receive any additional compensation for presenting investments in Stelac Capital Partners LLC to any clients.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1.

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

Our firm has adopted a Code of Ethics (the “Code”) which sets forth high ethical standards of business conduct that we require of our employees, to comply with the requirements set forth in Rule 204A-1 of the Advisers Act. Stelac and our personnel owe a duty of loyalty, fairness and good faith to our clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general fiduciary principles that all employees are expected to uphold including:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of our clients must be kept confidential; and
- independence in the investment decision making process must be maintained at all times.

The Code is designed to confirm that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. It also includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s access persons. The Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. The firm also has policies prohibiting the use of material, nonpublic information. While we do not believe that we have any particular access to nonpublic information, employees are strictly prohibited from trading securities, either in their personal accounts or on behalf of clients while in possession of material, nonpublic information. Oversight and enforcement of recordkeeping provisions are also detailed in the Code.

Stelac is the investment manager and holder of all the management shares of SPC. SPC has designated Stelac as having primary responsibility for investment management and administrative matters, such as accounting tax and periodic reporting, pertaining to SPC. Stelac and our members, officers and employees will devote to SPC as much time as we deem necessary and appropriate to manage SPC’s businesses. Stelac and our affiliates are not restricted from

forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with SPC and/or may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of SPC, but could be allocated between the business of SPC and other of our business activities and those of our affiliates.

Investments in SPC may be recommended to advisory clients for whom a partnership investment may be more suitable than would a separate advisory account managed by our firm. Clients who invest in SPC are not charged any additional advisory fees other than the advisory fee allocated to the shareholders of SPC, based on the class of shares owned.

SPC is not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Stelac manages SPC on a discretionary basis in accordance with the terms and conditions of SPC's offering and organizational documents.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are Managing Partners of Stelac Capital Partners LLC. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [lina.arias@stelac.com](mailto:lina.arias@stelac.com), or by calling us at 212-920-3890.

## **Item 12 – Brokerage Practices**

Stelac requires that clients provide us with written direction as to the broker-dealer or custodian to use to help manage their accounts. Generally, Stelac receives only information access to such accounts and in some occasions, the client may grant a limited trading power of attorney for some of their accounts. Stelac can accept directed brokerage arrangements, whereby a client would require that account transactions must be effected through a specified broker-dealer.

Commissions charged by the broker-dealer or custodian are sometimes renegotiated by Stelac on behalf of the client to get better pricing for the client, however use of certain custodians or broker-dealers (such as directed brokerage arrangements) can cause a client to pay higher commissions, receive less favorable net prices or investment results, or incur additional custodial or other external administrative charges as compared to those offered by other broker-dealers or custodians.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, and based on the client directed nature of custody and brokerage arrangements, Stelac does not block client trades and, therefore, we implement client

transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate.

Stelac does not participate in any soft dollar arrangements.

## **Item 13 – Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES (“ISS”)**

**Reviews:** While the underlying securities within a client's accounts are continually monitored, these accounts are reviewed at least monthly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the broader market, political or economic environment.

All account reviews and analysis are done by the Relationship Manager, the assigned Account Manager, the firm's Portfolio/Research manager and/or Chief Investment Officer.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer or custodian, we provide consolidated reports summarizing account performance, balances and holdings, among other details at least quarterly.

### **MANAGER OF MANAGERS PROGRAM**

**Reviews:** The performance of SPC and the registered third-party investment adviser(s) selected to manage client portfolios is continually monitored by Stelac. Furthermore, client accounts within this program are formally reviewed at least monthly. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the broader market, political or economic environment.

All account reviews and analysis are done by the Relationship Manager, the assigned Account Manager, the firm's Portfolio/Research manager and/or Chief Investment Officer.

**Reports:** In addition to the monthly statements and confirmations of transactions that these clients receive from their respective broker-dealer or custodian, SPC and the third-party asset manager(s) selected managing the client's portfolio(s) provide the client with written monthly performance reports. Unless otherwise contracted for, we do not typically provide additional reports.

## CONSULTING SERVICES

**Reviews:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**Reports:** Consulting Services clients will not typically receive reports due to the nature of the service.

### Item 14 – Client Referrals and Other Compensation

Stelac has individual(s), that through their limited liability companies, act as relationship managers of the firm responsible for prospecting, acquiring and managing clients. As such, these relationship managers get compensated in the form of revenue share for advisory fees collected from their respective clients. The percentage of revenue share varies depending on the size of the client as well as the corresponding advisory fees from such client. Stelac has some relationship managers who are also employees and receive additional compensation in the form of revenue share paid to them directly or one of their entities. The percentage of revenue share varies depending on the size of the client as well as the corresponding advisory fees from such client. In addition, Stelac on occasion may contract with a third party to refer clients to Stelac and the compensation related to such referral is in the form of revenue share for advisory fees collected from their respective clients. All revenue share commissions are paid quarterly in arrears once the firm has collected the associated client fees. Where applicable, any such arrangements comply with Rule 206(4)-3 under the Investment Advisers Act of 1940.

In certain cases, Stelac provides investment consultation to some ultra-high net worth clients (non-US) who are not signed "investment supervisory" clients of Stelac. For such services the firm may charge between \$30,000 – over \$250,000 per year, depending on the size and complexity of the client. In most cases, these individuals seeking investment consultation already have their own family office. In the case of investment consultation, billing is generally done quarterly in arrears or at the time of completion of service, depending on the assignment. Clients generally pay these fees directly.

Stelac also provides "white label" solutions to outside parties whereby it provides consolidation and advisory work similar to what it provides to its regular clients and gets compensated on a percentage of revenues generated by those clients.

### Item 15 – Custody

Stelac does not maintain physical possession of the funds or securities held in clients' accounts. Typically, clients deposit assets with a qualified custodian selected by the client. We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm may directly debit advisory fees from client accounts, provided they have executed a direct debit agreement with the firm and the client's corresponding custodian. All other clients may pay fees directly at their discretion.

As part of this direct debit billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a monthly and/or quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 – Investment Discretion**

### **INVESTMENT SUPERVISORY SERVICES (“ISS”)**

As part of our investment advisory services, clients may ask us to provide discretionary asset management services, primarily for convenience and logistical purposes. These discretionary account rights are provided under a limited power of attorney, solely limiting the firm to trading under certain preset parameters agreed between the client and the firm. In the event we have discretion over a client's account, it is the firm's internal policy to seek client approval prior to executing any transaction(s)/trade(s) on their behalf. Depending on the client's availability, timing of investment and/or in extreme market movements, we may be required to place trade(s) on behalf of clients prior to seeking their authorization. Immediately upon executing any transaction/trade, it is the firm's policy to inform the client on all actions taken under the limited power of attorney to reconfirm the client's consent of such transactions.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a limited power of attorney with our firm and their corresponding custodian and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **MANAGER OF MANAGERS PROGRAM**

As previously disclosed in Item 4 of this brochure, we do not "manage" client portfolios in the traditional sense of the definition, rather Stelac manages a private equity fund of funds vehicle,



SPC, in which certain clients and third-party individuals or institutions may invest. Accordingly, clients participating in the private equity fund of funds grant us indirect authority, as investment manager of SPC, to hire the underlying private equity managers in SPC.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 – Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. In April 2020, Stelac received a loan through the United States Small Business Association's Paycheck Protection Program ("PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Stelac qualified as a small business because our firm has fewer than 500 employees. All PPP loan proceeds will be used for costs associated with payroll and compensation to employees whose principal place of residence is the United States and are permitted under the PPP Rule. Stelac does not believe the acceptance of this PPP loan is a financial condition which will impair our ability to meet contractual commitments to our clients.

Stelac has not been the subject of a bankruptcy petition at any time during the past ten years.