

**Axia Advisory Corporation**  
DISCLOSURE BROCHURE  
FOR PRIVATE WEALTH MANAGEMENT



This Brochure provides information about the qualifications and business practices of Axia Advisory Corporation, which also uses “Axia Advisory” as a business name. If you have any questions about the contents of this Brochure, please contact us at a telephone number or email address shown on this page.

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 us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an Investment Adviser doesn’t imply any level of skill or training.

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Date of this Brochure: March 25, 2021

## **2. Material Changes**

There is no material change from our preceding Brochure dated March 17, 2020.

### 3. Table of Contents

Our Brochure follows the order and numbering of items and subitems in Form ADV's Part 2A. Each item heading's text is as required by law.

As further aids to readers, our Brochure includes many cross-references in its text, and a set of "Definitions and specially-used words", which begins at page 17.

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## 4. Advisory Business

Axia Advisory Corporation [“Axia” or “we”, “us”, “our”] offers investment-advisory services.

### 4.A About Axia Advisory

We supervise investment portfolios for institutional and private clients. We oversee portfolios as investment counsel. We supervise client portfolios individually, according to the particular requirements of each client’s circumstances, objectives, and preferences for investment risks. Because we supervise portfolios individually, clients may impose restrictions on investing in certain securities or kinds of securities.

The foundation of all of Axia’s work is Modern Portfolio Theory and the Prudent Investor Rule.

#### Modern Portfolio Theory

*Modern portfolio theory* refers to a mathematics framework (sometimes called mean-variance analysis) for assembling a portfolio of assets so that the portfolio’s expected return is maximized for a given level of risk. The theory’s insight is that an asset’s risk and return should not be assessed by itself, but by how it contributes to a portfolio’s overall risk and return. Investment managers’ and investors’ acceptance of Modern Portfolio Theory is the underlying presumption for the Prudent Investor Rule.

Harry Max Markowitz (1927-) initiated this theory with his article “Portfolio Selection” in the March 1952 issue of *The Journal of Finance*. A Markowitz-efficient portfolio is one for which one assumes no added diversification would lower the portfolio’s risk for a given return expectation or for which one assumes no more expected return can be gained without increasing the portfolio’s expected risk. A Markowitz-efficient frontier is the set of portfolios assumed to result in the highest expected return for each given degree of risk.

#### Prudent Investor Rule

The *prudent investor rule* refers to fiduciary law that recognizes that an investment isn’t prudent or imprudent in isolation but rather is considered in the context of a whole portfolio of investments. This law follows Modern Portfolio Theory.

In 1992 (the same year Axia began our services), the American Law Institute published the Prudent Investor Rule to describe how courts applying common law should evaluate a Fiduciary’s decisions in light of Modern Portfolio Theory. Later, the National Conference of Commissioners on Uniform State Laws recommended to States’ legislatures the *Uniform Prudent Investor Act* and *Uniform Trust Code*. Almost every State has law based on, or similar to, these versions of the Prudent Investor Rule.

Although the *Employee Retirement Income Security Act of 1974* [“ERISA”] preempts States’ laws relating to ERISA-governed Retirement Plans, ERISA § 404(a)(1)(C) sets up diversification as the presumed norm of prudence. Courts have interpreted ERISA § 404(a)(1)(B)’s prudence standard and § 404(a)(1)(C)’s diversification norm as standards that include Modern Portfolio Theory and the Prudent Investor Rule.

We explain how we use this body of knowledge under “Our analysis and investment strategies” at page 8.

This Brochure uses “you” and “your” to refer to a client, whether he or she is a natural person, or it is a non-natural person or entity. However, some parts of the text use “you” and “your” to refer to a *prospective* client who or that considers whether to engage our services. Likewise, the cover page’s use of “you” includes any reader of our Brochure.

Usually, we offer our advice in one of three kinds of services; these are described under “Services we offer”, which begins at page 5.

Our service is governed by a written Agreement or agreements with our client. An Agreement may impose restrictions and conditions beyond those described in our Brochure. Only we and our client (or his, her, or its duly authorized representative) may negotiate or enforce our Agreement.

Incorporated in 1991, Axia has been in business since 1992.

We serve as a Fiduciary to our clients. Our first duty is to our clients over and above the interests of the firm and our employees. We work in the best interest of our clients. We’ve purposely structured our firm to avoid any real or perceived conflicts of interest. We avoid conflicts of interest by rejecting relationships with any organization, financial or otherwise, that would oblige us to do business with them on behalf of our clients, other than because of the quality of their investments and services.

We’re a fee-only Investment Adviser. We work, or can work, with many kinds of clients, including individuals, trusts, estates, charitable organizations (including endowments and foundations), and Retirement Plans. We’re independent; we have no common ownership with any broker-dealer, insurance agency or company, or any accounting or law firm.

We’re a member of the Revere Coalition. This is a consortium of firms that provide conflict-free, objective advice to Retirement Plans and their Fiduciaries. Each member pledges that direct fees from clients are the only compensation. The Revere Coalition provides a forum for members to exchange ideas and information about best practices, including high standards of expertise, service and professionalism. The Revere Coalition also is a staunch advocate of reform to the retirement system to encourage adequate retirement savings. We’re not obligated to recommend any member. This association poses no conflict of interest.

#### **Who owns Axia Advisory?**

Keith L. Shadrack is Axia’s Owner.

#### **4.B Services we offer**

Our three primary service offerings are:

- Retirement-Plan consulting,
- investment-management consulting,
- private wealth management.

We use separate Brochures for different services. This Brochure describes our wealth-management services. Also, we use this Brochure with all clients and prospective clients beyond Retirement Plans’ Fiduciaries.

We offer investment and financial-planning advice. Our advice might include investment management—that is, discretionary investment advice where we make investment decisions for you. Our advice might include non-discretionary investment advice, in which we present recommendations about what investments you should buy, hold, or sell but you make your decisions and may instruct us to implement those decisions. Our advice might include financial planning in a range of areas including retirement and estate planning, insurance, charitable giving or gifting, risk management and budgeting.

Our advice might include suggestions influenced by our understanding of accounting, tax law, or other legal issues, but we don't give accounting, tax, or legal advice.

#### **Investment management or advice**

We offer investment advice on a discretionary basis (we make and implement the investment decisions), or a non-discretionary basis (we make recommendations and you decide whether to follow them).

#### **Financial planning**

We offer advice and guidance on a range of financial issues like retirement planning, college savings, insurance, estate planning. These services may be included for a client who uses us for investment advice. We may also offer financial planning as a standalone service. When we offer financial planning as a standalone service, it may be for a specific project, a specified time, or an ongoing relationship.

Under any service, we're not obliged to check information we received from you or from your lawyer, accountant, and other professionals. (If you ask, we may suggest other professionals to help you implement your financial planning. You're never obliged to engage anyone we suggest.)

Tell us about changes to your circumstances or investment objectives so we can review, evaluate, and revise our previous advice.

#### **4.C How we tailor our services**

We're willing to tailor our services to meet your needs and preferences. We do this through our initial interviews and ongoing conversations where we try to understand your circumstances and issues.

Another way we tailor our services to meet your needs and preferences includes investment restrictions. For discretionary management, you may direct us not to invest in a particular investment, or in a kind of investment, that you specify clearly enough so we can apply your restriction. We reserve the right to decline an account if we believe the investment restrictions placed on its management is onerous.

#### **4.D Not a wrap-fee program**

None of our services involves a wrap-fee program.

#### **4.E Assets under our management or advice**

As of December 31, 2020, Axia had about \$1,255,649,237 of assets under our management, with about \$620,821,321 on a discretionary basis, and about \$634,827,915 on a non-discretionary basis.

## **5. Fees and Compensation**

### **5.A We're a fee-only adviser.**

We're compensated for our advice solely by fees *you* pay us. We accept no commissions, trails, or other compensation. (We don't view tools and research we might receive from a Custodian to be compensation. Those services are provided to any Investment Adviser, and often even an individual investor.)

Our fee might be a percentage of assets under our management or advice. Our fee might be measured by the time we work for you. Our fee might be an amount fixed for a specified project or task. Our fee might be a "flat" or fixed fee for a period (not measured regarding your assets). Our fee might be a combination of these and other measures.

Our typical fee for discretionary investment management or non-discretionary investment advice is (expressed on an annualized basis) 1.00% of the first \$1 million of your assets under our management or advice; 0.75% on the next \$1 million; and 0.50% on assets after the first \$2 million.

Typically, we provide incidental financial-planning services for such a client. But some financial-planning services might be for an additional fee, which would apply only if you agree to it.

Usually, you or we may end an Agreement by written notice to the other.

### **5.B Ways to pay our fee**

For fees measured on your assets under our management or advice, usually we bill our fees on a quarterly basis. You may choose to be billed directly for fees. Or you may instruct your Custodian to debit our fees from your Investment Account. An account started or ended during a quarter is charged a prorated fee. After our services end, we'll promptly refund any prepaid but unearned fees. Likewise, any earned and unpaid fees will be due.

### **5.C Others' fees and expenses**

Investing your assets will incur fees and expenses besides our fees. Those additional fees and expenses are not our fees. If you invest in a Fund, you'll bear a share of the Fund's expenses. If you use a Custodian, you might incur or bear transaction fees, commissions, or other brokerage costs. A trust or insurance contract might involve fees and expenses.

A Retirement Plan may allocate some or all of the Plan's expenses to be charged against Participants' Plan Accounts, or even against a particular Participant's Plan Account.

### **5.D When you pay us**

For a fee measured on assets under our management or advice, usually fees are paid on quarterly periods, in advance. If you or we end a service so we worked less than all of a fee-measurement period, we adjust the fee so it's proportional to the portion of the period we worked.

For a fee measured on time worked (or as a fixed amount), you must pay promptly after we deliver our fee statement. We might bill for some services on a monthly, quarterly, annual, or project basis.

Our Agreement obligates you to pay promptly for work we've done.

### **5.E No commissions or sales compensation**

We don't accept compensation for the sale of any investment. We don't face the conflicts of interest posed by allowing compensation that could influence what investments we choose or recommend.

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

We don't accept any performance-based fee—that is, a fee based on a share of capital gains on, or capital appreciation of, the assets under our advice or management. So we don't face the conflicts of interest posed by such a fee. A performance-based fee could create an incentive for an adviser to recommend an investment that might carry more risk to you.

## **7. Types of Clients**

Our clients include individuals, trusts, estates, charitable organizations (including endowments and foundations), and Retirement Plans. For collective trust Funds we sponsor, we advise the bank trustee. We choose whether we want to accept a client. Usually, we'll accept a client if the circumstances allow us to provide a useful service for a reasonable fee. Usually, we have no minimum fee, but we might ask for a minimum in some circumstances.

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

### **8.A Our analysis and investment strategies**

As mentioned above, the foundation of our work is Modern Portfolio Theory and the Prudent Investor Rule.

We believe:

- Investment decisions must be evaluated not in isolation, but in the context of the entire portfolio. We help you develop practical strategies for combining distinct assets into optimal portfolios.
- Generally, risk and return go hand in hand. We help you make decisions about the level of risk you're willing to accept.
- Diversification is fundamental to risk management. We help you reduce unjustified risk by carefully diversifying your portfolios.
- A Fiduciary must focus on total return and protecting purchasing power over the long term. We follow prudent measures designed to seek real long-term returns above inflation.
- A prudently managed portfolio avoids unjustified expenses. We are unyielding in our drive to reduce your investment costs. All costs are fully disclosed.



We use objective statistical measures in developing client portfolios. Incorporating unbiased and objective theory from finance, economics, and behavioral psychology, we optimize investment structures to maximize expected return while simultaneously considering your specific risks. While qualitative and quantitative in nature, our analyses are drawn from Modern Portfolio Theory, tempered by the hypothesis that markets are somewhat efficient but always adapting.

We use various asset-management techniques and endeavor to constantly pursue new ideas and methodologies. Because we apply a value bias to our asset-allocation methodology, some might consider us contrarian to the conventional market wisdom of the moment. We believe portfolios need to be tactically and dynamically managed as the value propositions of different assets change. In a value-oriented portfolio, the levels of entry and exit into an asset class can be critical; but this is not market-timing.

Our clients' portfolios are distinctive, taking into consideration specific circumstances and investment objectives, including any client-imposed investment restrictions. A client's initial review process includes an in-depth discussion to establish investment objectives, time horizon, risk preference, expected rate of return, and asset class preferences. These are organized in a written Investment Policy Statement.

The Investment Policy Statement serves as the strategic outline to which you and Axia may refer in making investment decisions. Importantly, it includes the criteria for which the selection and monitoring of investments or investment managers is drawn. It organizes the investment structure and establishes the benchmark by which portfolio performance is measured. Because Fiduciaries must, and investors should, make rational and defensible investment decisions, an Investment Policy Statement sets a procedurally prudent roadmap by which investment decisions are made incorporating available information.

We personalize your investment strategy, as we describe in "How we tailor our services" at page 6. Our goal is to manage a portfolio that is best for your needs, desires, objectives, and risk tolerance.

All investment programs have risks, which are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Understand that we can't manage outcomes, we can only manage risk. Investors face these (and other) investment risks:

**Interest-rate risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market risk:** The price of a security, bond, or mutual Fund may drop in reaction to events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation risk:** When any type of inflation is present, a dollar today won't buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency risk:** Non-USA investments are subject to fluctuations in the value of the United States dollar against the currency of the investment's originating country (and, if different, the other non-USA nation in which an investment or a currency is traded). This is referred to also as exchange-rate risk.

**Reinvestment risk:** This is the risk that future proceeds from investments might be reinvested at a potentially lower rate of return (for example, a lower interest rate). This primarily relates to fixed-income securities.

**Business risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized investment. For example, Treasury bills are highly liquid, while real estate properties are not.

**Financial risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### **8.B Risks of our investment strategies**

Investing in securities involves risk of loss that clients should be prepared to bear.

Many people are familiar with a warning that an investment's past doesn't predict its future. Likewise, although there is some evidence to support the idea that, in the past, asset allocation was effective in diversifying risks, no one can predict the future. Every investment strategy bears the risk that there is no way to know that it will work.

#### **8.C Risk of particular kinds of securities**

All securities involve risks. Beyond the risks explained above, in this subitem we focus on some risks of particular kinds of securities.

##### **Stocks**

Stocks represent the ownership interest in a business. When you purchase a stock, we expect it to rise in price and to pay its dividend. The risks with any stock purchase could be:

- Our analysis could be incorrect and the stock may decline in price.
- The company management could make poor decisions and the value of the company (and therefore the stock's price) may decline.
- The broad stock market declines and the stock (or stocks) we purchased could follow the market down.
- Poor business performance or lack of access to capital markets could cause the company to suspend its dividend.

##### **Bonds**

When you purchase a bond, you expect to earn a positive total return (interest income plus/minus change in value of the principal). The major risk you take when you invest in a bond is that the issuer fails to make timely interest payments or fails to pay back some or all of the value of the bond at maturity.

Other risks include interest-rate risk and liquidity risk (which are explained above). When interest rates rise, bond prices decline. And many bonds don't trade on an exchange, rather purchases and sales are negotiated in an over-the-counter market. There is no guarantee, if you need or want to sell a bond, that you can find a willing buyer at, what we would consider, a fair price. While we typically try to mitigate both these risks by holding the bonds you purchase to maturity, a need to sell bonds prior to maturity could lead to losses from either or both of these risks.

**Mutual funds, exchange-traded funds, collective trust funds**

We might buy Funds to get you exposure to classes of investments where we don't select individual investments or to gain efficient investment management. A Fund bears the same risks as the Fund's underlying investments. Some further risks of Funds include:

- Information we receive about a Fund could be wrong.
- A Fund's future investments could differ from what we assumed when we suggested the Fund.
- A Fund's management could change.
- A Fund could change its strategy.

We review Funds for our outlook on continuing suitability. Also, we might review a Fund if it shows underperformance for an extended time, if the Fund changes its management, if the Fund changes its strategy, or if the Fund increases its expenses.

## **9. Disciplinary Information**

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Axia has never been subject to disciplinary action.

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

**10.A No broker-dealer registration**

Neither Axia nor any management person of it is registered (or has applied to register) as a broker-dealer or as a registered representative of a broker-dealer.

**10.B No commodities registration**

Neither Axia nor any management person of it is registered (or has applied to register) as a futures commissions merchant, commodity pool operator, or commodity trading advisor, or as an associated person of such a business.

**10.C No related person to disclose**

We have no advisory affiliate or other person under common control with us, or any management person of us, who or that is in an accounting, banking, insurance, law, securities, commodities, real estate, or other investment-related business this subitem calls us to disclose.

#### **10.D No recommendation of another Investment Adviser**

We don't select or recommend another Investment Adviser. We often use Funds, each of which is managed or advised by an Investment Adviser.

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

#### **11.A Code of Ethics**

Axia has a Code of Ethics with standards of conduct we expect of our people. Our Code of Ethics is grounded on the principle that we owe fiduciary duties to our clients. Our employees must avoid activities, interests, and relationships that run contrary to the best interest of our clients. Our people must:

- put clients' interests ahead of Axia's interests;
- avoid taking advantage of our position;
- engage in personal investing only in full compliance with our Code of Ethics; and
- maintain full compliance with Federal securities laws.

Our Code of Ethics includes policies designed to prevent the unlawful use of material nonpublic information by us or any of our Supervised Persons. You may request a copy of our Code of Ethics.

#### **11.B No conflict from recommending a security we have a stake in**

Except for participations in the collective trust Funds we advise, we don't recommend a security in which we have, or a related person of us has, a material financial interest.

- We don't buy a security from a client, or sell a security to a client.
- We don't act as a general partner of a partnership in which we solicit your investment.
- We don't act as Investment Adviser to any investment company.

As explained under the next two subitems, our clients' trading could not meaningfully affect the market price of a security to result in a benefit for anyone at Axia.

#### **11.C No conflict from investing in the same securities we recommend**

Axia's Owner or employee might invest in the same securities we recommend to clients.

We don't consider it a conflict of interest that a client buys or sells a security our Supervised Person holds, or that our Supervised Person buys or sells a security a client buys, holds, or sells. Even if all our clients bought, or all our clients sold, a security, our clients' transactions would be insignificant regarding the markets' transactions in any publicly-traded security, and so could not meaningfully affect the market price of a security to result in a benefit for anyone at Axia.

If our Supervised Person buys (or sells) securities (beyond Fund shares or non-reportable securities) around the same time as our client, we'll act to avoid a conflict. We may delay a Supervised Person's transaction so he or she can't benefit from our knowledge about what we decide or advise for clients (or about our clients' decisions). If a Supervised Person could benefit from our knowledge about our clients, we won't permit our Supervised Person to buy or sell stocks or bonds personally until a reasonable time after clients' transactions are executed or submitted.

#### **11.D No conflict from trading securities around the time of our recommendation**

As explained above, we manage or delay a Supervised Person's personal trading so he or she can't benefit from his knowledge about what we decide or advise for clients.

## **12. Brokerage Practices**

### **12.A You choose your Custodian**

Choosing your Custodian always is your choice. If you ask for our advice, we present suggestions based on our evaluations of a broker-dealer's or other Custodian's business reputation, financial strength, fees, commissions, charges for expenses, execution, information reporting, and other services. We're not a broker-dealer, and every Custodian we might suggest is unaffiliated with us. As explained under "Others' fees and expenses" at page 7, separate from our fees a Custodian has its own commissions, fees, and charges. We receive no part of those commissions, fees, and expenses.

### **12.B Aggregation of clients' trades**

Most of our clients' transactions involve purchases or redemptions of a Fund's shares or units at a price uniformly determined for the Business Day. We aggregate or "batch" orders to buy or sell stocks or bonds if we find doing so would obtain better execution than if we didn't batch, or if two or more related clients request this so all get the same transaction price.

## **13. Review of Accounts**

### **13.A Periodic reviews**

For an investment-management or continuous-advice client, we review your information at least once a year. Also, we review your Investment Account in the course of our management or continuing advice to ensure that we make decisions or recommendations in line with your objectives. We review an Investment Account for changes in value, and for current suitability of its investments. We request that you periodically consider and reevaluate whether there have been changes in your current financial situation, family, or other circumstances, or in your needs or goals and that you update us whenever your circumstances change.

### **13.B Extra reviews**

We might review your Investment Account if we notice something unusual, which could include an increase in your requests for withdrawals that are not in keeping with your stated investment objectives, outlying performance of an investment, or your complaint.

An off-cycle review might be triggered by: changes in economic, political, or financial market conditions; changes in other factors that could affect your objectives; account underperformance compared to a benchmark; or replacement of a Fund's portfolio manager.

Tell us if your investment goals or your financial situation changes, or if you want to make changes about your investments.

We review Funds for past performance and for our outlook on continuing suitability. Also, we might review a Fund if it shows underperformance for an extended time, if the Fund changes its management, or if the Fund increases its expenses.

### **13.C Our reports to you**

We furnish a quarterly investment review. For a Private Wealth Management client, our report includes a market update, account values, and past performance. We deliver these reports through our client portal, or by mailing them to the address you tell us.

None of these reports is a substitute for statements from your Custodian. Those statements, either monthly or quarterly, show your account's activity and list your holdings.

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

### **14.A Indirect payment of our fee**

We don't allow anyone but you to provide an economic benefit to us for providing you investment advice or other services.

### **14.B Referrals, but no solicitor**

Axia has been fortunate to receive client referrals. These come from clients, lawyers, accountants, and others. But we don't pay them. We don't compensate any person for referring a client to us.

## **15. Custody**

We don't have custody of a client's securities or money.

You may authorize us to bill our fees to your Investment Account (if your Custodian cooperates with our arrangement). If we bill your Investment Account for our fee, we send your Custodian written notice of the amount of our fee to be deducted from your account. Also, we send each quarter's invoice to you. Our detailed invoice will show your assets under our management or advice on which our fee is based, the rates used to calculate our fee, and the period covered by the fee. Use the invoice to check that our calculation of our fee is accurate, and to check that your Custodian pays the correct amount.

Some Custodians have agreements, letters of authorization, instructions, and other arrangements under which you could grant us more power or authority than we want. We have the right to disaffirm any power or authority we don't want (except a power or authority necessary to perform discretionary investment management if we agreed to provide that service). Without limiting the comprehensive effect of the preceding sentence, we have the right to disaffirm any power or authority that we believe could cause us to have custody beyond our fee-collection standing instruction.

For each Investment Account, you get statements and other information from your Custodian. Usually, you should expect monthly or quarterly statements. A Custodian likely will furnish confirmations of all of your Investment Account's transactions. Check every statement and every confirmation. And if you pay our fee from an Investment Account, check that each fee payment was correct.

If you receive any statement from us, you should compare it to statements you receive from your Custodians. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **16. Investment Discretion**

If our Agreement so provides, we may accept discretionary authority to manage your Investment Account.

According to the SEC, an Investment Adviser (such as Axia) has discretionary authority or manages assets on a discretionary basis if it has the authority to decide which investments to buy and sell for its client.

Conversely, if we recommend buying (or selling) an investment but lack authority to buy (or sell) it for you without your specific approval, we don't have discretionary authority.

## **17. Voting Client Securities**

### **17.A We don't vote your proxies**

We don't have, and don't accept, authority to vote your securities (or any investment).

Unless you affirmatively ask about a particular proxy or solicitation, we don't give advice about how you should vote your investments.

### **17.B How you get proxies**

Because we don't vote your investments, ask your Custodian whether and how you'll receive proxies and other solicitations.

## **18. Financial Information**

### **18.A No prepayment**

We don't require or solicit prepayment of fees.

### **18.B Our financial condition**

We have no financial condition reasonably likely to impair our ability to meet our contract commitments to clients.

### **18.C No bankruptcy**

We have not been the subject of a bankruptcy petition.

## **19. Requirements for State-Registered Advisers**

Because Axia is registered with the SEC, this part doesn't apply to us.

## 20. How we meet ERISA's reasonable-contract rule

If the *Employee Retirement Income Security Act of 1974* ("ERISA") governs our duties to your Retirement Plan or your account is or includes an Individual Retirement Account, Health Savings Account, Archer Medical Savings Account, or Coverdell Education Savings Account, consider the disclosures described in this item. Also, read carefully your Agreement with us. The information also is useful concerning a Governmental Plan, or a church Plan that has not elected to be governed by ERISA.

ERISA tries to help make sure that a Retirement Plan gets a fair deal when it buys services. ERISA prohibits a Retirement Plan from buying a service unless:

- 1) the services are appropriate for the Plan,
- 2) the services are provided under a contract or arrangement that is reasonable,
- 3) the Plan pays no more than reasonable compensation for the service, and
- 4) nothing else about the situation involves self-dealing or something else that is prohibited.

A Labor department rule describes some conditions a contract must meet for it to be a reasonable contract. Our Brochure and our Agreement state the information that is required by the rule. (That we make these statements isn't tax or legal advice, or any tax or legal opinion.)

### **ERISA services and compensation disclosure**

You're responsible for deciding whether and on what terms to engage us. Consider the disclosures described below (including the other documents mentioned below or in our Agreement).

**Services:** Our services are as stated by our Agreement.

**Status:** We provide our services directly to a Retirement Plan as a Registered Investment Adviser and as a Fiduciary (within the meaning of ERISA or Internal Revenue Code § 4975) to the extent of our services provided by our Agreement.

**Direct compensation:** Our direct compensation is as stated by our Agreement.

**Indirect compensation:** We don't receive indirect compensation.

**Compensation paid among related persons:** We won't, concerning our services under our Agreement, pay to an affiliate or a subcontractor compensation set on a transaction basis, or that is charged directly against the Plan's investment and reflected in the net value of the investment.

**Manner of receipt:** Our direct compensation is paid from the Plan's assets, or from the Employer.

**Compensation for termination of contract or arrangement:** Our Agreement doesn't provide us compensation that results because of either party's termination of our Agreement. We remain entitled to compensation that accrued before the effective time of our Agreement's termination.

**Other documents:** You confirm having received our Disclosure Brochure, Privacy Notice, and every document our Agreement states you received.



## 21. Definitions and specially-used words

### **Agreement**

Means a client's agreement with us, under which you get and pay for our service, which could be one or more of the three kinds of services described under "Services we offer", which begins at page 5.

### **Applicable Law**

Means only law that applies to us in offering or performing our service.

### **Brochure or Disclosure Brochure**

Refers to a document that (including its Supplement, at page 21) we use to meet a rule that we furnish a written disclosure statement that contains the information required by SEC Form ADV Part 2A&B.

### **Business Day**

Means a day (other than a Saturday, Sunday, or holiday) on which we're open for regular business. Usually, we follow the trading days and holidays of the New York Stock Exchange. For trading investments, a Business Day ends at 4:00 p.m. Eastern time, or the earlier closing-of-trading on the New York Stock Exchange. A visit to our office is by appointment only.

### **Custodian**

Refers to a bank, broker-dealer, trust company, insurance company, transfer agent, or other business that maintains for you an Investment Account or another account that reflects your investments.

### **Designated Investment Alternative**

Means a specific Fund, security, or other investment that a Retirement Plan's Independent Plan Fiduciary or Employer identified as an Investment Alternative available for Participant-directed investment and intends as a "designated investment alternative" within the meaning of ERISA rules or, for a Retirement Plan not governed by ERISA, similarly intends as a choice for Participant-directed investment.

### **Employer**

Refers to the employer that sponsors, maintains, or makes available a Retirement Plan with which we have an Agreement, and includes its parents and affiliates, and the Fiduciaries of the Retirement Plan. In context, an Employer also may refer to the employer a Participant works for (or left work from). About a beneficiary or an alternate payee, the Employer refers to the employer or former employer of the participant regarding whom a beneficiary's or an alternate payee's account or right is provided.

Because a typical Retirement Plan's Fiduciary (if any) is the Employer, a parent, subsidiary, or affiliate of the Employer, or a committee of persons appointed by the Employer or its governing board or executives, our Brochure sometimes also uses the word "Employer" to refer to a Retirement Plan's Fiduciaries.

Whenever a decision is about whether to contract our service or about approving our fee, we require that the deciding or approving Fiduciary be independent of us.

### **ERISA**

Refers to the non-tax provisions of *Employee Retirement Income Security Act of 1974* [29 United States Code §§ 1001 to 1461]. ERISA is a Federal law that governs many employee-benefit plans, including many Retirement Plans.

**Fiduciary**

Means a person who or that is a fiduciary of a Retirement Plan under ERISA, Internal Revenue Code § 4975, other law, or a moral responsibility.

**Fund**

Means a registered investment company (which everybody but specialist lawyers calls a “mutual fund”), exchange-traded fund, collective trust fund, or insurance company separate account.

**Governmental Plan**

Means a plan described in ERISA § 3(32), IRC § 414(d), or that otherwise is established or maintained by an Employer that is part of, or is an agency or instrumentality of, a Federal, State, or local government.

**Independent Plan Fiduciary**

Means a Retirement Plan’s Fiduciary who or that is unaffiliated with, and independent of, us.

**Internal Revenue Code**

Means the *Internal Revenue Code of 1986* [title 26 of the United States Code]. This is the Federal law that states the rules for the Federal income tax and some other United States taxes, including some excise taxes.

**Investment Account**

Includes a securities account (as the *Uniform Commercial Code* defines that term), such as a “brokerage” account with a broker-dealer, a variable annuity contract, a variable life insurance contract, an account under a Retirement Plan, or an account under an IRC § 529 qualified tuition program.

Your Investment Account is *not* with us; every Investment Account is held with a Custodian unaffiliated with us.

**Investment Advice**

Refers to non-discretionary advice.

**Investment Adviser**

Includes a person who or that engages in a business of advising others about the value of securities or about the advisability of selling, buying, or investing in securities.

**Investment Advisers Act**

Means the *Investment Advisers Act of 1940*, as amended [15 United States Code §§ 80b-1 to 80b-21]. This is a Federal law that governs how a person that renders investment advice for a fee may solicit and make agreements to give investment advice.

**Investment Alternative**

Although it’s not defined in ERISA’s general definitions section, the U.S. Labor department in rules to interpret ERISA § 404 has used the coined term investment alternative to describe whatever form of investment a Retirement Plan provides as a choice on the “menu” for a participant, beneficiary, or alternate payee to direct investment of his or her Plan Account. Our disclosure documents use these and related uses of investment alternative as the term for a choice that a Retirement Plan’s investment “menu” provides for Participant-directed investment.

**Investment Education**

Refers to information (which might include information about a Retirement Plan, general financial and investment information, information about a Retirement Plan's investment alternatives, and asset-allocation models) that isn't investment advice within ERISA's meaning of investment advice.

**Investment Policy Statement**

Refers to a document that describes your guidance to us about how we should approach managing (or advising you about) your investments.

**Modern Portfolio Theory**

Refers to a mathematics framework (sometimes called mean-variance analysis) for assembling a portfolio of assets so that the portfolio's expected return is maximized for a given level of risk. The theory's insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. Investment managers' and investors' acceptance of Modern Portfolio Theory is the underlying presumption for the Prudent Investor Rule.

**Owner**

Means Keith L. Shadrack, the shareholder of Axia Advisory Corporation.

**Participant**

Includes a Retirement Plan's participant, beneficiary, or alternate payee (as ERISA or the Internal Revenue Code defines those words). Further, a Participant includes an eligible employee who doesn't yet have an account under a Retirement Plan.

**Plan Account**

Refers to an individual account kept for a Participant under a Retirement Plan.

**Prudent Investor Rule**

Refers to fiduciary law that recognizes that an investment isn't prudent or imprudent in isolation but rather is considered in the context of a whole portfolio of investments. This law follows Modern Portfolio Theory.

**Registered Investment Adviser**

Means a person (including a corporation, such as Axia) when it is registered with the SEC or a State Securities Authority as an Investment Adviser.

**Relevant Law**

Includes Applicable Law and law that, even if it doesn't apply to us, is relevant for us to consider in offering or performing our services.

**Retirement Plan or Plan**

Refers to a retirement plan (including a pension, money-purchase, profit-sharing, employee stock ownership, 401(k), 403(b), or 457(b) plan), deferred compensation plan, or other arrangement for retirement savings (even if it's not legally a plan).

**SEC**

Refers to the Securities and Exchange Commission, an authority of the United States government.

**State Securities Authority**

Refers to a State government's agency or official that regulates Investment Advisers.

**Supervised Person**

Means our Owner, our employee, or a nonemployee consultant we supervise.

**Supplement**

Refers to a part of our Brochure that describes some educational background and business experience of some of the people who provide our advice. We don't furnish a separate document, and instead include this information in our Brochure, including Part 22.

**We and our and us**

Refers to Axia Advisory Corporation.

**You and your**

Refers to a client, whether he or she is a natural person, or it is a non-natural person or entity. However, some parts of the text use "you" and "your" to refer to a prospective client who is considering whether to engage Axia. And the cover page's use of "you" includes any reader of our Brochure.

## 22. Supplement—Supervised Persons’ education and business experience

Instead of Supplements furnished separately from our Brochure, this item provides information for each of our Supervised Persons who has discretionary authority over a client’s assets or who helps form our investment advice and has direct client contact. Also, we provide information on some who don’t meet that description but might matter for your evaluation of us.

Axia Advisory Corporation  
20 E. 91st Street, Suite 202  
Indianapolis, IN 46240-1682  
(317) 630-2800 (888) 609-2942

Date of this Supplement: March 25, 2021

This Supplement provides information about our Supervised Persons. It supplements our Disclosure Brochure. You should have received our Brochure (which is the first 20 pages of this document). Please email or telephone us if you didn’t receive our Brochure, or if you have any questions about the contents of this Supplement.

Additional information about us and our Supervised Persons also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Our Supplement follows the order of items in Form ADV’s Part 2B. The information above follows Part 2B’s item 1, and the subitems below follow Part 2B items 2 through 6.

### 22.A Education and business experience

This subitem (including the information it refers to) provides information about some education and business experience for the past five years of the people named below.

Because some of these backgrounds refer to professional designations, we explain below what one must do to earn and use each designation.

#### **Keith L. Shadrick, AIF®**

CRD#1488626

Axia Advisory – Founder, President, and Senior Consultant	1992-
Investment-related businesses since	1988
Hanover College – BA (Economics)	-1981
Year of birth	1959

#### **Stephen J. Lansing, CEBS®**

CRD#302293

Axia Advisory – Consultant	2015-
Cairn Fiduciary Services Inc. (Shareholder)	2011-2015
Financial Soundings Investment Advisor, LLC (Member)	2010-2017
Investment-related businesses since	1979
Pension-related businesses since	1969
University of Wisconsin at Madison – BS (Economics)	1969
Year of birth	1946

**Erik A. Leighton**

CRD# 5014372

Axia Advisory – Consultant	2017-
OneAmerica Financial Partners – Equity Portfolio Manager	2005-2016
American United Life Insurance Company	2001-2016
Butler University – MBA (Finance)	2001
DePauw University – BA (Economics)	1994
Year of birth	1971

**Dawn E. Morley**

CRD#2378498

Axia Advisory Corporation – Investment Advisor	2012-
Investment-related businesses since	1993
Butler University – MBA	1988
DePauw University – BA (Economics)	1981
Year of birth	1958

**Laura M. Perry**

CRD#2239302

Axia Advisory – Chief Compliance Officer and VP Operations	2002-
Investment-related businesses since	1992
Indiana State University – BS	-1991
Year of birth	1968

**Robyn D. Shelley, CFA®**

CRD#5097395

Axia Advisory Corporation – VP Research	2006-
Investment-related businesses since	2000
Indiana University – BA (Economics)	-1999
Year of birth	1977

Here's some information about the designations mentioned above.

**Accredited Investment Fiduciary®**

Fi360's Center for Fiduciary Studies oversees this curriculum and certification mark. The curriculum is designed to impart specialized knowledge of fiduciary standards of care and how to apply them in investment management.

To earn and maintain the AIF® Designation, one must meet these requirements:

- enroll in and complete the AIF® training;
- pass the AIF® examination;
- obey the Code of Ethics;
- meet the Conduct Standards;
- meet continuing-professional-education conditions;
- maintain good standing with Fi360's Center for Fiduciary Studies.

More information is available at <https://www.fi360.com/center-for-fiduciary-studies> and <https://www.finra.org/investors/professional-designations/aif>.

### **Certified Employee Benefits Specialist**

The CEBS® (Certified Employee Benefits Specialist®) certification is sponsored by the International Foundation of Employee Benefit Plans and, in the United States, The Wharton School of the University of Pennsylvania. The program's academic mission is to educate human-resources professionals in the administration of health and welfare plans, Retirement Plans, and compensation programs, and to give learners a solid understanding of core concepts in finance, economics, and financial planning. Earning the designation requires a course of study and passing a set of examinations on all of the program's subjects.

More information is available at <https://www.ifebp.org/CEBSDesignation/overview/Pages/default.aspx> and <https://www.finra.org/investors/professional-designations/cebs>.

### **Chartered Financial Analyst**

The CFA Program involves a foundation of investment-analysis and portfolio-management skills. This certification mark is administered by the CFA Institute.

To earn the CFA® (Chartered Financial Analyst®) charter, one must:

- have a bachelor's degree or meet minimum conditions to enroll in the CFA Program;
- meet professional-conduct conditions;
- pass three examinations;
- have four years' professional work experience in investment decision-making;
- join the CFA Institute as a regular member.

More information is available at <https://www.cfainstitute.org/programs/cfaprogram/Pages/index.aspx> and <https://www.finra.org/investors/professional-designations/cfa>.

The SEC (or any Federal or State government agency) doesn't approve any mark or designation.

Our Brochure's or Supplement's use of the word "professional" doesn't mean that anything we describe is recognized as a profession under any Federal or State law.

### **22.B Disciplinary information**

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of any of our Supervised Persons.

### **22.C Other business activities**

None of our Supervised Persons is engaged in an investment-related business beyond Axia Advisory Corporation. None of our Supervised Persons is engaged in another business that provides a substantial source of his or her income or that involves a substantial portion of his or her time.

Stephen J. Lansing is involved in a wide range of charitable and educational activities. But because he isn't our full-time employee, these activities don't detract from his time he works for us.

Erik A. Leighton is an owner of rental property, and of a family farm in Marshall County, Indiana.

Dawn E. Morley serves on the board of directors of, and as treasurer for, the Society of the Friends of Music at the Jacobs School of Music at Indiana University.

Laura M. Perry is an owner of Goodweather Ventures LLC, a real property business.

#### **22.D Additional compensation**

We don't allow a Supervised Person to accept an economic benefit for providing our advice from a person other than us. Each of our Supervised Persons doesn't get compensation, based even in part, on an amount or number of sales or referrals.

#### **22.E Supervision**

Keith L. Shadrick, Axia's Owner and president, supervises himself and all Supervised Persons' advisory activities for us. He is familiar with Supervised Persons' advice to clients. Investment recommendations, or significant decisions about investments, require the approval of Axia's investment committee. Axia's telephone number, at which Keith L. Shadrick can be reached, is (317) 630-2800.



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