

**Item 1. Cover Page**

**BYW Investment Advisors, Inc.**

**SEC Form ADV Part 2A  
“Brochure”**

**March 24, 2021**

**One Metropolitan Square  
211 North Broadway, Suite 2080  
Saint Louis, Missouri 63102**

This Brochure provides information about the qualification and business practices of BYW Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at 314-241-2886 or by email [atrdickson@bywinvestmentadvisors.com](mailto:atrdickson@bywinvestmentadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional Information about BYW Investment Advisors, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

Since our last annual amendment on March 30, 2020, BYW became an SEC registered investment adviser and stopped being a Missouri registered investment adviser. As certain non-material changes have been made to this brochure since our last submission, we encourage you to review this Brochure in its entirety.

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## **Item 4. Advisory Business**

BYW Investment Advisors, Inc. (“BYW” or “firm”) was incorporated in 2013 in the State of Missouri and in 2020 became an SEC registered investment adviser. Reginald D. Dickson is the principal owner of the firm.

BYW’s business activities involve the selection of investment managers, both SEC- and state-registered investment advisors (sub-advisors), for institutional investors and high net-worth individual clients. Before an investment manager is selected, BYW will conduct due diligence on each sub-advisor and the approved investment managers will be available for BYW’s clients. BYW will select the investment manager for the client after obtaining the investment policy and suitability requirements. The client may request to impose certain investment restrictions, at which time BYW will inform the sub-advisor. BYW will provide its clients with a current copy of BYW’s firm Brochure, solicitor documents and any recommended investment manager’s firm brochure. At any time, BYW can change one investment manager for another, subject to approval by its clients.

The account services that BYW provides will include the following:

- 1) Reviewing client investment objectives;
- 2) Identifying investment strategies;
- 3) Selecting of investment managers(sub-advisors); and
- 4) Evaluating investment managers and reporting client performance.

As of December 31, 2020, BYW managed approximately \$ 113,865,026 on discretionary basis.

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

The annual fee for investment management services ranges from 1% of the equity assets under management to lower fees for management of debt securities. Fees are payable in advance at the beginning of each calendar quarter. BYW will pay, on a quarterly basis, 33% of fees collected to the sub-advisor, 33% of the fees collected to the referring source and retain the remaining 34%. While it is the general policy of BYW to charge fees to clients in accordance with the fee schedule in effect at the time of the fee being incurred, fees are subject to negotiation. Any donations to faith-based and community-based organizations will come from pre-tax profits, if any, of BYW.

When an account is opened, the quarterly management fee is pro-rated for the remainder of the initial billing period and the account value is based on that day’s ending market value. Thereafter, the quarterly fee will be based on the calendar quarter ending market value. Fees are billed to clients, rather than deducted from the client account. The advisory agreement may be terminated by either party at any time and there is no penalty for terminating the client’s account. All prepaid unearned fees will be refunded on a pro-rata basis upon termination of the agreement. Brokerage commissions and custodial fees are charged to the account as transactions occur and will vary by custodian.

If the client is referred by an introducing broker or financial consultant with whom the client has an agreement, there may be an additional annual fee. Introducing sponsors typically collect the total wrap fee and remit only a portion to BYW. Other fees are fully disclosed to the client in the sub-advisors’ Form ADV Part 2A or Firm Disclosure Document. Additional fees that may be charged by a custodian can include maintenance, transactional, confirmation and custodial fees. In addition, mutual funds or other investments funds may be invested in often have their own fees that are charged to the funds and thus indirectly charged to the client.

Additionally, BYW may be compensated for sales and relationship management services by an unaffiliated

investment manager.

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

BYW does not charge performance-based fees or engage in side-by-side management.

## **Item 7. Types of Clients and Account Minimums**

BYW offers portfolio management and adviser selection services to high net worth individuals and institutional clients. We do not have any account minimums.

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

BYW is responsible for the selection of investment managers (sub-advisors) and the investment strategy for clients. The factors considered in selecting the investment managers include but are not limited to: consistency of returns and risk, assets under management, years in business, investment philosophy, management team, infrastructure and compliance issues. BYW will review the sub-advisors with regard to the factors considered at least annually.

After a review and analysis of the client investment objectives and financial data, BYW selects an appropriate sub-advisor. BYW may choose more than one sub-advisor to manage the portfolio. If so, then the portfolio will have multiple sub-accounts. In addition, BYW has the discretion to change from one sub-advisor to another as described in the Investment Management Agreement. BYW may change a client's sub-advisor at any time, including after conducting the annual review. For additional information about the sub-advisor, the client should refer to the sub-advisor's brochure, which the client should have received at the time the client opens the account.

BYW monitors and reports the progress of clients' investments over time. Generally, this time period is quarterly, however more frequent reports may be requested by clients or their consultant.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future results. The investment strategies of BYW and any sub-advisor used by BYW may be subject to the following risks:

*Economic Risk* – the risk that conditions in the overall economy affect the performance of a security

*Industry-specific Risk* – the risk that conditions in an industry as a whole will affect the value of a company in that industry, regardless of the company's specific actions

*Government Policy Risk* – the risk that actions of the government can affect a security's performance, whether or not the policy directly affects the company

*Material Cost Risk* – the risk that the cost and availability of key production materials will impact security prices

*Technology Risk* – the risk that evolution and development of technology can drastically change industries and affect security prices

*Competitive Risk* – the risk that competition in an industry can affect a security's performance, sometimes regardless of how the company itself is performing as a business relative to competitors

*Legal Risk* – the risk that existence of legal actions, patents, and court battles can impact a security's performance

*Management Risk* – the risk that company management can quickly impact a security's performance due to decisions by management that adversely affects the company's business

*Global Risk* – the risk that larger, global-scale factors of politics, economics, finance, technology, business et al can impact the value of global securities

*Currency Risk* – A form of risk that arises from the change in price of one currency against another. This risk can increase when a company and its securities are exposed to an increasing number of currencies.

## **Item 9. Disciplinary Information**

BYW has not been subject to legal or disciplinary events that are material to a client's or prospective client's evaluation of BYW's advisory business. Mr. Dickson is Chairman of the Board and is the Executive Vice-President, Community Relations and Corporate Culture of BYW. He also is the principal owner of BYW. In connection with an IRS examination in 2012, Mr. Dickson and his spouse agreed to a settlement of prior year income taxes assessed as a result of the examination. The settlement approximated \$75,000 and has subsequently been paid off.

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

Neither BYW nor any related person is a registered broker-dealer, futures commission merchant, commodity pool operator, or a commodity trading advisor. Neither BYW nor any related person has pending applications to register as any of the above.

Reginald D. Dickson, Chairman of the Board and CEO/COO of BYW, spends approximately 20 hours per week on other business activities outside of BYW.

Paul Liu is Executive Vice President of BYW. Mr. Liu is not an active partner in BYW and spends approximately 160 hours a month on other business activities outside of BYW.

Gerald R. Sparrow is an investment advisor with Sparrow Capital Management, Inc., ("SCM") who manages clients' accounts and is the investment advisor to the Sparrow Growth Fund. Mr. Sparrow also serves as a sub-investment advisor to BYW and has a small ownership stake in BYW. The accounts under BYW and SCM may have the same securities at certain times. BYW and SCM will submit block trade orders when possible. If the trading cannot be done as a block, the trading sequence will be rotated.

BYW will review all trades to ensure one client does not have an advantage over another. BYW currently sub-leases from and shares office space with SCM on a monthly basis. Mr. Sparrow owns 1% of BYW's capital stock. Mr. Sparrow will attempt, on a best efforts basis, to avoid conflicts of interest between the accounts of BYW's clients and the accounts of SCM and its clients; however, there can be no assurance that such conflicts will not occur.

BYW selects sub-advisors for its clients, but BYW does not receive direct or indirect compensation from its sub-advisors for doing so. The selection of such advisors is made based upon stated client goals and risk tolerance.

Gerald Sparrow performs investment management functions for BYW. Accordingly, BYW has identified certain situations that may present conflicts that could affect BYW and/or its clients, including, but not limited to the following:

- 1) Mr. Sparrow has a rotational trade system in place to assure that each of his clients are treated with fairness in respect to block trades involving multiple clients. Through this system, it is intended that trades be rotated in an equitable and fair manner. If the rotational system is not strictly followed, there is a possibility that a client of BYW could be charged a higher price than would have been charged had the system been properly followed.
- 2) Mr. Sparrow could be, simultaneously, managing multiple accounts: BYW customer accounts, Sparrow Capital individual accounts and Sparrow Capital's mutual fund. Accordingly, there is a possibility that improprieties could occur by cross trading in different accounts. As an example, Sparrow could be buying certain securities for BYW accounts while selling or intending to sell the same securities in other accounts managed by SCM. This could potentially inflate the price of the subject securities to benefit the other accounts managed by SCM.

The foregoing are simply examples of conflicts that could arise. There can be no assurance that other conflicts may not arise.

In order to place controls over the occurrence of risks related to potential conflicts of interest between Mr. Sparrow and BYW, BYW has instructed its Chairman of the Board and Chief Compliance Officer, Reginald D. Dickson, to review each trade that Sparrow Capital makes for all accounts and clients. Such review will be done on a daily or on a more frequent basis as needed.

BYW has established a policy that if any owner, director or officer of BYW is a member of management or is on the Board of Directors of any registered entity, then the BYW sub-investment managers will be restricted from any transactions in such entities' securities.

As an additional safeguard against its sub-investment managers from receiving wrap fees, BYW has established a policy forbidding any investment of BYW customer funds in any mutual funds or other entities wherein said sub-investment manager receives a management fee or other form of remuneration without the express written consent of a BYW customer.

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

### **Code of Ethics**

BYW has adopted a Code of Ethics ("The Code") pursuant to SEC Rule 204A-1, which requires each of our officers and employees to comply with all applicable federal and state laws and regulations. The Code is to be followed for all transactions (purchases and sales) in accounts of BYW employees and employee family members. The Code makes clear that our business will be conducted in a manner consistent with the highest standards, and just and equitable principles of trade. To that end, The Code requires each employee to avoid any action that results in a conflict of interest with the firm and its clients, prohibits outside business activities without the consent of the Chief Compliance Officer ("CCO") and prohibits trading on the basis of material non-public information. The Code requires that all access persons are to provide BYW with duplicate statements of their brokerage accounts. BYW will review the access persons' brokerage account statements for compliance with the Code and to monitor such statements to determine whether there has been any insider trading activity. The Code also restricts other activities which could have the perception of a conflict of interest, such as directorships and the receipt of gifts. Clients and prospective clients may request a copy of The Code by contacting BYW's Client Service Team by telephone at 314- 241-2886 or by emailing our Compliance Department at [rdickson@bywinvestmentadvisors.com](mailto:rdickson@bywinvestmentadvisors.com).

### **Participation or Interest in Client Transactions and Personal Trading**

Persons associated with BYW may on occasion buy securities which are recommended to their advisory clients. These securities are widely held and publicly traded. BYW requires all of its Investment Adviser Representatives ("IARs") to keep records of every securities transaction in which he/she has or acquires any direct or indirect beneficial ownership. For these purposes, IAR is defined as any partner, employee, officer or director of the advisor who obtains information about securities recommendations, any control person or affiliated person of control person, and any affiliate of such affiliated person. The record indicates the name of the security, the amount of investment, the date and nature of the transaction, the price, and the name of the broker-dealer or bank through which the transaction was effected. The records of these transactions are recorded no later than 10 days after the end of the calendar quarter in which the transaction was effected. BYW maintains a policy such that persons associated with BYW may not trade to the disadvantage of the client. BYW does not allow IARs or their related persons to have their trade orders be placed ahead of client's trade orders for the same security. Placing the client's order ahead of the IAR's or the related person's order does not ensure a better price, however, it does ensure that the client's trade will occur at or before that of the IAR or related person.

The Code establishes rules of conduct for all supervised persons of BYW and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that BYW and its employees have a fiduciary duty to BYW's clients to conduct their affairs, including their personal

securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

## **Item 12. Brokerage Practices**

### **Selecting Brokerage Firms and Soft Dollars**

Clients may instruct BYW, in writing, to utilize a particular broker-dealer and a Registered Representative associated with that broker-dealer for all of the Client's transactions. Clients may not receive best execution on client-directed trades when the client, rather than BYW, establishes the arrangement with the broker-dealer and then requests that BYW place the trades through the designated broker-dealer. The client direction and/or broker-dealer custody of the client's assets can limit or eliminate BYW's or its sub-advisor's ability to negotiate commissions or otherwise obtain best price and execution. If BYW obtains clients from broker-dealer referrals, BYW would have a conflict of interest between acting in BYW clients' best interests to obtain best price and execution, and its interest in executing client transactions through referring broker-dealers, regardless of the circumstances in order to benefit from continued referrals. BYW does not pay for broker-dealer referrals and does not charge such referred clients any more or less than what would be charged if the prospective client learned of our services any other way. Clients may pay higher brokerage commissions if trades are placed through broker-dealers as directed by those clients because BYW may not be able to aggregate orders to reduce transactions costs and clients may receive less than favorable prices.

Where BYW has the authority to select the broker-dealer, BYW considers a number of factors to determine the reasonableness of commissions charged, including but not limited to: the research received, execution capability, availability of securities, purchasers and sellers of securities, financial responsibility, responsiveness, custodianship, clearance, settlement, dividend posting, interest posting, size of each individual transaction, service related to each individual account (including brokerage personnel attention and time to client accounts), and services provided by the Registered Representative (of the broker-dealer) to the client (including meetings to review client objectives and financial needs, monthly client portfolio reviews, client transactions, client investment performance and client questions regarding the investments in the portfolio). BYW may have an incentive to select or recommend a broker-dealer based on BYW's clients' interest in receiving the research or other products or services, rather than on BYW's clients' interest in receiving most favorable execution.

BYW does not engage in soft dollar practices; however, its sub-advisors may engage in such practices. Soft-dollar practices are arrangements under which approved products, e.g., investment research, are obtained by the advisor through some broker-dealers in exchange for directing client brokerage transactions. Clients may pay commissions higher or lower than those charged by other broker-dealers. BYW's sub-advisors keep a record of all commissions paid to each broker-dealer.

BYW may recommend to clients, through its sub-advisors, that they buy or sell securities or investment products in which BYW or a related person has some financial interest. BYW buys or sells for its principals or supervised parties, securities that it also recommends to clients. The Code establishes policies and supervision to protect the client's best interest in these situations. The current policy of BYW is to prohibit any of its directors, officers or employees from maintaining an investment account with BYW.

### **Aggregate Orders/Block Trading**

BYW's policy is to submit block trade orders when possible and advantageous for the client. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an advisor, its employees and/or principals are



aggregated with client transactions, the advisor, employees and/or principals will not receive a better price than the client.

### **Trade errors**

If a trade error occurs due to an act or omission by a sub-advisor, the sub-advisor will be responsible for correcting the trade error, and that sub-advisor will be responsible for providing reimbursement for all client losses resulting from such inaccurate or erroneous orders. If a trade error occurs due to an act or omission by the executing broker-dealer, the executing broker-dealer will be responsible for providing reimbursement for all client losses resulting from such inaccurate or erroneous orders.

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

BYW generally reviews client accounts at different times for various reasons, as described below:

- Daily – to ensure accurate trade execution, contributions and distributions (if applicable) and miscellaneous trade activity.
- Monthly/Quarterly – to calculate Quarterly management fees, and BYW-generated client reports, or prior to meetings with clients.
- Annually – to ensure investment objectives are being met.
- Miscellaneous – to ensure proper billing and registration.

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

From time to time, BYW may pay a referral fee to a person, to another investment advisory firm or to a broker-dealer for a client referral under the Investment Advisers Act of 1940, Rule 206(4)-3. The referral fee is negotiated between BYW and the soliciting party, and the arrangement will be disclosed to the client.

For all solicitation arrangements, BYW will enter into a written agreement with the solicitor. BYW will obtain from any referred client a signed and dated acknowledgment of the client's receipt of BYW's brochure and the solicitor's brochure. This acknowledgment will be obtained either prior to or at the time of entering into any advisory contract. BYW will keep a copy of any acknowledgments received, and a copy of the solicitor's brochure. The solicitor's brochure provides certain information to the introduced client, including but not limited to, the fact that the solicitor/introducer is receiving compensation, the nature of the compensation being received and whether or not the introduced client is paying any more or less for advisory services because of this referral fee arrangement.

## **Item 15. Custody**

It is our policy that we will not accept, hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. BYW will not intentionally take custody of client cash or securities. Clients receive statements from their custodian or broker-dealer at least quarterly and should compare these statements to the quarterly statements received from BYW.

## **Item 16. Investment Discretion**

Clients may grant BYW discretionary authority, pursuant to the terms of the Investment Management Agreement, to select sub-advisors for the client based on the investment philosophy and suitability of the client. In addition, the Investment Management Agreement allows for the sub-advisor to purchase or sell shares of securities, including, but not limited to; stocks, bonds, options and no-load mutual funds. The sub-advisors are not required to obtain specific client consent regarding specific securities to be bought or sold. However, the client does select an investment

objective, and BYW through its sub-advisors, buys securities for the client's account in accordance with the investment objectives of the client. Per the Investment Management Agreement, BYW, as Investment Manager, assumes all investment duties with respect to assets held in the Investment Management Account and has all investment powers including sole investment authority. The Investment Manager may take any action deemed appropriate, with or without other consent or authority from the client and may exercise discretion and deal in and with such assets exactly as fully and freely as the client might do as owner thereof, except that the Investment Manager is not authorized to withdraw any money, securities or other property, whether in the name of client or otherwise. In addition, from time to time, a client may request that a security be held to qualify for a long-term capital gain rather than a short-term capital gain. Furthermore, clients may instruct BYW to refrain from investing in certain companies or industries for their portfolio.

## **Item 17. Voting Client Securities**

BYW, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and procedures. Our policy and procedures include the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

In response to a client request, BYW will prepare a written response to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how BYW voted the client's proxy with respect to each proposal about which client inquired.

In the absence of specific voting guidelines from the client, BYW will vote proxies in the best interests of each particular client. BYW's policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on BYW's voting authority in the same manner that they may place such restrictions on the actual selection of account securities.

BYW will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent potential conflicts of interest raised by an auditor performing certain non-audit services.

## **Item 18. Financial Information**

No current financial condition exists that is reasonably likely to impair the contractual commitments to BYW clients.