

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

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March 25, 2022

This brochure provides information about the qualifications and business practices of Salzinger Sheaff Brock, LLC. If you have any questions about the contents of this brochure, please contact us at 317-705-5700 or [info@salzingersheaffbrock.com](mailto:info@salzingersheaffbrock.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 Salzinger Sheaff Brock, LLC 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 139417.

## **Item 2 Material Changes**

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure. Since the last annual update of this Brochure dated March 26, 2021, the following material changes have been made:

- Item 10 Other Financial Industry Activities and Affiliations updated to disclose affiliated advisor, Innovative Portfolios, LLC, is the investment manager to a private fund.

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## Item 4 Advisory Business

Salzinger Sheaff Brock, LLC ("Advisor") is a federally registered investment adviser with the Securities and Exchange Commission. Its principal place of business located in Indianapolis, Indiana.

Salzinger Sheaff Brock, LLC began conducting business in 2009.

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

Mark Salzinger, Chief Investment Officer

David Sheaff Gilreath, Member

Ronald Robert Brock, Chief Financial Officer

Sheaff Brock Capital Management, LLC,

As used in this brochure, the words "we," "our," and "us" refer the Advisor and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### ADVISOR SERVICES

#### Investment Supervisory Services - Portfolio Management

Our firm provides portfolio management services to clients using asset allocation portfolios. Portfolios are designed to meet a particular investment goal.

Accounts are generally invested in up to 30 different no-load mutual funds, closed-end funds, ETFs, individual equities, options or cash equivalents. Holdings can include domestic equity and debt funds as well as index funds, currency funds, commodity, and metals funds. Certain accounts may use another type of listed security such as a covered call option. All portfolio holdings are intended to be listed on U.S. exchanges, liquid, and readily priced.

Top-down *asset allocation* is determined by the risk profile of the portfolios. There are portfolio strategies with varying degrees of portfolio risk; Retirement Income, Conservative Balanced, Growth & Income, Growth, and Closed-End Income. *Sector* allocation research sources include various publications and private research including for example fund websites, ETF provider websites, and Morningstar Research. Analysis of *specific funds* includes fundamental study and sometimes interviews and visits with fund managers and other investment-related fund personnel engaged in fund management. Accounts can have as many as 20 to 30 fund, ETF, listed equity and in certain accounts option positions.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the portfolio strategy 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 insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Cash and cash equivalents
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Closed-end funds
- Options contracts on securities

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. send quarterly written reminders to each Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact or attempt to contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

#### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2021, we were actively managing 192 clients with assets of \$304,076,246 on a discretionary basis.

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

##### **Investment Supervisory Services**

The maximum advisory fee rate for the Investment Supervisory Services is 0.96% annually based upon a percentage of assets under management.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value including cash or fair market value in the absence of market value), of the client's account at the end of the previous quarter. The advisory agreement and custodian account application authorizes and directs the custodian to deduct the advisory fees directly from the account upon receipt of our instructions. We require clients to authorize the custodian to deduct the advisory fees from the

account and pay us.

A minimum of \$200,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Advisor may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

### **Additional Fees & Expenses**

The advisory fees are separate and distinct from a number of other expenses that the accounts will incur, including:

- Brokerage and Investment Expenses
- Investment Company Expenses
- Custodial Expenses

#### *Brokerage and Investment Expenses*

As used in this Brochure, the term "Brokerage and Investment Expenses" refers to the following:

- commissions, ticket charges, and other fees charged by brokers (including the custodians) who execute securities transactions for the account on an agency basis;
- mark-ups, mark-downs, or other spreads included in the amount charged by or paid to a dealer for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
- odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, and postage and delivery expenses; and
- costs of cash management services (including for "sweep" arrangements of idle cash into bank deposit accounts or money market mutual fund accounts), and direct and indirect fees for other financial or investment services provided by brokers or custodians.

We do not receive any of the Brokerage and Investment Expenses. Please refer to Item 12 for additional information about our brokerage practices and costs.

#### *Investment Company Expenses*

Mutual funds, money market funds, ETF's, variable annuities, and UIT's (all referred to as a "fund") deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund, and the administrative and mortality costs of the variable annuity. These internal expenses also include recordkeeping fees, and transfer and sub-transfer agent fees, among others. All of these represent indirect expenses that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing, and mailing prospectuses to new investors, and printing and mailing sales literature. Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, advisor fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

Mutual funds may also impose an early redemption fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase.

We do not receive any of the Investment Company Expenses for investments in a client's account.

#### *Custodial Expenses*

Clients must pay the cost of services provided by their custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the account; (2) making and receiving payments with respect to account transactions and securities; (3) maintaining custody of account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the client's account. The custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the custodian (or its affiliates) or by asset-based fees for investments settled into the custodian's accounts, or both. The specific fees and terms of each custodian's services are described in the client's separate custodial agreement.

Refer to Item 12 for more information regarding brokerage services provided by the custodians.

#### **GENERAL INFORMATION REGARDING FEES**

**Termination of the Advisory Relationship:** A client advisory agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Advisor's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

#### **Risk of Liquidations to Pay Fees**

The custodian will be authorized to deduct the advisory fees directly from the client's account, without notice to the client. If sufficient cash is not available in the account to pay the advisory fees when due, the custodian will liquidate securities selected by us without prior notice to the client. If mutual funds are liquidated, the client may be charged a contingent deferred sales charge, an early redemption fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the client will realize a loss and lose the opportunity for future appreciation of the securities.

**ERISA Accounts:** Advisor is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Advisor may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Salzinger Sheaff Brock, LLC's advisory fees.

**Limited Negotiability of Advisory Fees:** Although Advisor 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, 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 adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

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

**Evaluate All Costs of Our Services:** When evaluating the overall costs and benefits of our services, clients should consider not just the advisory fees but also the Brokerage and Investment Expenses, the Investment Expenses, and Custodian Expenses. Clients should carefully consider all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of the advisor's services. Our advisory fees and the other costs of our services may be higher than amounts charged by other advisors or financial services firms for similar services.

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

Advisor does not charge performance-based fees.

## **Item 7 Types of Clients**

Advisor provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Foundations
- Retirement Plans
- Register Investment Advisor
- Corporations

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the

economic and financial factors considered in evaluating the stock.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation.** 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.

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.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record. We can conduct a personal interview of the manager of an actively managed mutual fund in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in 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:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and can result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the owner the right to buy an asset at a certain price within a specific period of time. We may sell a call to bring in premium income if we believe the option strike price represents fair value for the underlying position.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. We generally will only employ the sale of cash secured put options in our strategies. We may sell a put in order to create additional income in an account if we are comfortable with the option strike price as a suitable buy price for the underlying stock.

We may use options to "hedge" a purchase of the underlying security; in other words, we may use option sales or purchases to limit the potential upside and reduce possible downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a premium for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

We may also use cash secured puts, in which we sell a put option on security you do not own. In this strategy, you receive a premium for making the option available, and the person purchasing the option

has the right to sell the security to you at an agreed-upon price.

A risk of selling puts is that the price of the underlying stock can fall below the agreed-upon option price so that if the put is exercised or we want to buy the option back from the option buyer prior to the termination of the option, a possible loss could be incurred.

### **Risks Associated with Inverse Funds and ETFs**

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds and ETFs, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds and ETFs are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds and ETFs also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds and ETFs may also use derivative instruments to accomplish their objectives. As such, inverse funds and ETFs are volatile and provide the potential for significant losses. Risk associated with holding inverse Funds and ETF's include, but are not limited to:

- **Most Inverse Funds and ETFs Seek Daily Target Returns:** Most inverse funds and ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a fund is tracking a very volatile underlying index.
- **Higher Operating Expenses and Fees:** Investors should be aware that inverse funds and ETFs typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes in overall market conditions. This rebalancing can result in frequent trading and increased portfolio turnover. Inverse funds will therefore generally have higher operating expenses and investment management fees than other funds and ETFs.
- **Tax Treatment of Inverse Funds and ETFs May Vary:** In some cases, inverse funds and ETFs may generate their returns through the use of derivative instruments. Because derivatives are taxed differently from equity or fixed-income securities, investors should be aware that these funds may not have the same tax efficiencies as other funds.

### **Risk of Errors in Investment Decisions**

There is a risk that our judgment about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the client's account. The success of our strategy for an account is subject to our ability to continually analyze and select appropriate investments, and allocate and re-allocate the investments consistent with the intended investment objectives and risk parameters. There is no assurance that our efforts will be successful.

### **Management of Account Until Advisor Receives Notice**

Unless and until the client notifies us to designate a different portfolio for the account or to notify us of material changes, we will continue to manage the account according to the suitability Information in our records. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of their account so that appropriate changes can be made.

### ***Tax Considerations***

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly

recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### *Risk of Loss*

All investing involves a risk of loss that investors should be prepared to bear. The descriptions contained below are a brief overview of the material risks related to our investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with participation in the our services.

*Business Risk* – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

*Catastrophic Events Risk* - *The value of securities may decline as a result of various catastrophic events, such as pandemics, natural disasters, and terrorism. Losses resulting from these catastrophic events can be substantial and could have a material adverse effect on our business and clients.*

*Event-Based Risks* – these are risks of events the market has not anticipated, known as “Black Swans.” A Black Swan event is an event that is unprecedented or unexpected at the point in time it occurs, and which can cause large market dislocations.

*Interest Rate Risk* – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally falls.

*Leverage Risk* – the risk to specific companies’ future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

*Management Risk*- The success of the Advisor’s strategies for each Portfolio is subject to Advisor’s ability to continually analyze and select appropriate investments, and allocate and re-allocate the investments as a suitable portfolio consistent with the intended investment objectives and risk parameters. There is no assurance that Advisor’s efforts will be successful.

*Market Risk* – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

*Market Volatility Risk*-The prices of securities may be volatile. Price movements of securities in which Advisor invests are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices

and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

## **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. We have no disciplinary events required to be disclosed on our ADV Part I.

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

### **Affiliation with other Registered Investment Advisors**

One of our principal shareholders of our firm is Sheaff Brock Capital Management, LLC ("SBCM"). SBCM is the owner of two investment advisors, Sheaff Brock Investment Advisors, LLC ("SBIA") and Trust Investment Advisors, LLC ("TA"). The Chief Compliance Officer and Chief Financial Officer of the Advisor serve in the same positions for SBIA and TA.

SBCM is also the owner of an investment adviser, Innovative Portfolios, LLC ("IP"), which is the adviser to Dividend Performers ETF ("IPDP") and Preferred-Plus ETF ("IPPP") of the Listed Funds Trust, an investment company registered under the Investment Company Act of 1940. The Chief Compliance Officer and Chief Financial Officer of the Advisor serve in the same positions for IP. For additional information about IPDP and IPPP, the Prospectus and Statement of Additional Information for each fund are available at [www.innovativeportfolios.com](http://www.innovativeportfolios.com). Prospective investors should review these documents carefully before making any investment in the funds.

IP is the investment manager to a privately offered pooled investment vehicle ("Private Fund"). The Private Fund is not registered under the Securities Act of 1933 nor the Investment Company Act of 1940. Accordingly, interests in this fund is offered exclusively to investors satisfying the applicable eligibility and suitability requirements in the private placement transaction. No offer to sell the Private Fund is made by the descriptions in this Brochure, and as noted, the fund is available only to investors that are properly qualified. IP provides discretionary investment management services to the Private Fund. The investment management services is offered directly to the Private Fund and not to investors in the Private Fund. Accordingly, such services are tailored to the Private Fund's investment objectives, strategies and guidelines set described in the Private Fund's offering documents.

SBCM is also partial owner of SBAuer Funds, LLC, which is the investment adviser to a mutual fund, the Auer Growth Fund (the "AG"), an investment company registered under the Investment Company Act of 1940. The Chief Financial Officer and the Chief Compliance Officer of Advisor serves in the same positions for SBAuer Funds, LLC. For additional information about AG, the fund Prospectus and Statement of Additional Information are available at [www.sbauerfunds.com](http://www.sbauerfunds.com). Prospective investors should review these documents carefully before making any investment in the AG mutual fund.

In addition, certain members of our firm may be separately licensed as an investment adviser representative with either SBIA, TA and/or IP. The advisory services delivered by these affiliated registered investment advisers and the compensation for such services are separate and apart from those provided by our firm. If appropriate our affiliates' advisory services may be recommended to our clients. While there are no referral fee arrangements between our firm and our affiliates, there is shared ownership and profits interest. A conflict of interest is created by these arrangements in that our firm and management personnel may have a financial incentive to recommend the services of our affiliates. In efforts to mitigate such conflicts of interest, it is our firm's strict policy to act in our client's best interest. Our clients are under no obligation to use the services of our affiliates, and clients may

accept or reject any of our recommendations. Clients choosing to implement SBIA, TA or IP's recommendations through one of our affiliates should refer to that Registered Investment Advisor's Firm Brochure or other disclosure document for details regarding that firm's services and fees.

SBCM will benefit economically from advisory fees earned by SSB, SBIA, TA, IP, AG, IPDP, IPPP and the Private Fund from client assets managed by them. This benefit provides an incentive for Advisor to invest in the AG, IPDP, IPPP or the Private Fund, or allocate assets to SBIA, TA and IP, based on the economic benefits our parent company will receive rather than the investment needs of the client.

Clients should consider these potential conflicts of interest carefully when deciding whether to participate in these programs. Advisor has adopted the following steps to address these potential conflicts:

- we disclose the existence of these conflicts in this Brochure and we endeavor to act consistent with our fiduciary duty;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we request clients to provide the Suitability Information for the account that will be managed by us, and we require that we have a reasonable basis for the investment decisions we make with respect to accounts; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

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

Advisor has adopted a Code of Ethics expressing its commitment to ethical conduct. The Code of Ethics describes Advisor's fiduciary responsibilities to its clients, and its procedures in supervising the personal securities transactions of its supervised persons who have access to information regarding client recommendations or transactions ("access persons").

A copy of the Code of Ethics is available to clients and prospective clients. You may request the Code of Ethics by email at [audreyb@sheaffbrock.com](mailto:audreyb@sheaffbrock.com) or by calling Advisor at (317) 705-5700.

Advisor owes a duty of loyalty, fairness, and good faith towards clients and an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Advisor owes a duty of loyalty, fairness, and good faith towards clients and an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

The Code of Ethics includes policies and procedures for the review of access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be

submitted by access persons. Among other things, the Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement, and recordkeeping provisions.

The Code of Ethics prohibits the misuse of material non-public information. While Advisor does not believe that it has any particular access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity.

Advisor and its officers, and employees may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with the Code of Ethics. In doing so, Advisor or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

Neither Advisor nor any investment advisor representative has any obligation to purchase or sell, or to recommend for purchase or sale, any security which Advisor or any principal, officer, or employee purchases or sells for his own account or for the accounts of other clients, unless such conduct is a fiduciary obligation.

#### **B. Recommendations Involving Our Financial Interests**

Advisor is required to disclose in Item 11 if it recommends that clients invest in securities in which Advisor or a related person has a material financial interest. This includes acting as an investment adviser to an investment company that Advisor recommends to clients.

As disclosed in Item 10, Advisor's affiliates recommend clients invest in shares of the AG, IPDP and IPPP funds whose investment adviser is owned, in part, by Advisor's parent corporation. Refer to the discussion in Item 10 for how we address the potential conflicts that arise from such recommendations.

#### **C. Investments in Securities Recommended to Clients**

Individuals associated with Advisor may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of Advisor that no person employed by it shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, Advisor and its employees are permitted to trade for their own accounts side-by-side and in block transactions with Advisor's clients in the same securities, and at the same time. We have adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by our policies.

#### **D. Investments around Time of Client Transactions**

Subject to the procedures in this section 11.D, Advisor and its employees are permitted to trade for their own accounts side-by-side with clients in the same securities at or around the same time as clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for client accounts. Advisor and its employees may buy or sell securities for their personal accounts identical to the securities recommended to clients. We have adopted the procedures described below to address the potential conflicts of interest arising from our policies described in Items 11.C and 11.D:

- employees may not purchase or sell securities (other than mutual funds or other securities that are not treated as "reportable securities") immediately prior to client transactions, in order to prevent

employees from benefitting from transactions placed on behalf of advisory accounts;

- no director, officer, or employee shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry;
- no director, officer, or employee shall knowingly prefer his or her own interest to that of an advisory client;
- Advisor maintains records of securities held by it and its access persons;
- Advisor emphasizes the unrestricted right of the client to decline to implement any advice Advisor has rendered;
- Advisor requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices; and
- any employee not in observance of the above may be subject to discipline, including termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as investment adviser representatives of another registered investment adviser. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

### **RECOMMENDING CUSTODIANS AND BROKERS**

Client assets must be maintained in an account maintained with a qualified custodian. Client will select the custodian by entering into an account agreement directly with the custodian to open the custodial account. Advisor does not open the custodial account for the client.

#### **Best Execution**

*How Advisor Selects Brokers/Custodians.* Advisor seeks custodians which are brokers and who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Advisor considers a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades for client's account;
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds, etc.);
- availability of investment research and tools that assist Advisor in making investment decisions;
- quality of services;
- competitiveness of the prices for the services (commission rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability;
- prior service history with Advisor and its clients; and
- availability of other products and services that benefit Advisor, as discussed below (see "Products and Services Available from Custodian").

#### **Products and Services Available from Custodian.**

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers, services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade

through our participation in the program.

Advisor participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Advisor's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Advisor's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Advisor or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Advisor or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice OR recommendation of TD Ameritrade for custody and brokerage services.

### **Services that Benefit Clients**

Custodian's brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment, and access to mutual funds with no transaction fees and to certain institutional money managers which may result in lower client expenses. These services generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients.**

Some of the useful benefits and services made available by the custodian through its institutional program may benefit Advisor but may not benefit all or any client accounts. When Advisor selects or recommends TD Ameritrade, Advisor will take into consideration whether the custodian provides Advisor with such benefits and services. Clients may pay the custodian trading fees to execute transactions. These products and services assist Advisor in managing and administering client accounts. They include investment research-related products and tools, in some case the custodian's own and those of third parties. Advisor may use this research to service all or some substantial number of clients' accounts, including accounts not maintained at the custodian. In addition to investment research, the custodian also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution, including access to a trading desk serving Advisor's clients;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the aggregated trade orders to multiple client accounts);
- provide pricing and other market data;
- facilitate deduction of Advisory Fees directly from clients' accounts;
- access to an electronic communications network for client order entry and account information;
- assist with back-office functions, recordkeeping and client reporting.

#### **Services that Generally Benefit Only Advisor.**

Custodian also offer other services intended to help Advisor manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, marketing, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodian may provide some of these services directly, or in other cases, will arrange for third-party vendors to provide the services to Advisor. They may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Custodian may also provide Advisor with other benefits such as occasional business entertainment of Advisor personnel.

#### **Brokerage Services Do Not Benefit Specific Accounts.**

Advisor does not attempt to put a dollar value on the useful benefits and services each account receives from the custodian, nor does it attempt to allocate or use the economic benefits and services received from custodian for the benefit of the accounts maintained with custodian, or attempt to use any particular item to service all accounts. Some of the products and services made available by custodian may benefit Advisor but may not benefit all or any of Advisor's client accounts. The benefits and services Advisor receives from custodian are used to help Advisor to fulfill its overall Client obligations.

#### **Advisor Interest in the Custodian's Services.**

The availability of these services from custodian is a benefit to Advisor because Advisor does not have to produce or purchase them. These services are not contingent upon Advisor committing any specific amount of business to the custodian in trading commissions or assets in custody. However, if Advisor did not recommend the custodian's services, it is unlikely that Advisor would continue to receive these services. Advisor's interest in continuing to receive the custodian's services gives it an incentive to recommend clients maintain accounts with the custodian, based on its interest in receiving the custodian's services that benefit Advisor's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. Advisor believes, however, that its selection of custodian as custodian and broker is in the best interests of its clients. The selection and recommendation of custodian is primarily supported by the scope, quality, and price of all of the custodian's services (see above, "How Advisor Selects Brokers/Custodians") and not solely by the custodian's services that benefit only Advisor.

#### **Lower Costs Available for Similar Services**

We offer no assurance that the commissions or investment expenses clients will incur by using TD Ameritrade as their custodian and broker will be as low as the commissions or investment expenses charged by other firms for similar services. It is likely that lower costs may be available for similar

services from other advisers, brokers or custodians, and by paying lower costs, clients could significantly improve their long-term performance.

### **SOFT DOLLAR**

Advisor does not participate in soft dollar arrangements.

### **DIRECTED BROKERAGE ARRANGEMENTS**

Advisor may, in its sole discretion, agree to accept client direction to use a broker-dealer to purchase the recommended investments. In such cases, Advisor will direct the client's transactions through the designated broker-dealer. The client's custodian may charge additional fees to execute and settle these transactions at another broker or custodian.

When a client directs the use of a particular broker-dealer, orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. Also, Advisor will not have discretion to place trade orders with other brokers. Consequently, as a result of directing brokerage, the client will not receive the benefit of reduced transaction costs or better prices that may result if Advisor had discretion to negotiate the terms of the orders, such as commissions, volume discounts, or seek price improvement from other broker-dealers. The client may incur higher transaction costs, delays in execution, and less favorable prices than the transactions effected for accounts that do not direct brokerage.

This practice may cost the client more money than if Advisor had discretion to select the broker-dealer. A disparity may arise such that clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than clients who do not direct brokerage.

### **Block Trading**

Advisor may aggregate orders for the purchase or sale of securities on behalf of the accounts it manages. The ability for clients to have their orders aggregated into a "block order" with other clients can offer economic benefits, including the potential for volume discounts on their orders, timelier execution, a reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. Accounts of our supervised persons (employees) may participate in block orders on the same basis as clients.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price (which will be NAV for all mutual fund securities), and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day. For mutual fund orders, if no economic benefit is received from the use of block orders, they will not be used.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, performance relative to a benchmark, performance relative to other accounts in the same portfolio, or a desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

### **TRADE ERRORS**

It is Advisor's policy for clients to be made whole following a trade error. If a trade error results in a loss, Advisor will make the client whole and absorb the loss. If a trade error results in a gain, the custodian will donate the money to charity.

## **Item 13 Review of Accounts**

### **REVIEWS**

While the underlying securities within Investment Supervisory Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each portfolio strategy as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Mark Salzinger, Chief Investment Officer

### **REPORTS**

In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian/broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

## **Item 15 Custody**

Advisor is deemed to have "custody" of the assets of client accounts as a result of our ability to deduct fees from the client's custodial account, as authorized by the client's advisory agreement. Assets will be held in the name of the client by the custodian. However, the Adviser is not required to comply with all the elements of the SEC Custody Rule so long the Custodian sends account statements to the client at least quarterly. The Adviser urges its clients to compare the custodial statements for completeness and accuracy. Adviser also has custody by its authority under certain standing letters of authorization with clients which allow the Adviser to move money on client's behalf. The standing letters of authorization meet the requirements of the SEC's Feb 21, 2017 No Action Letter on Custody. Therefore, the assets are not subject to an annual surprise examination.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a 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**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

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 discretionary advisory agreement with our firm, 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.

## **Item 17 Voting Client Securities**

Advisor requires all clients to retain responsibility for voting account securities. Advisor will not vote proxies, exercise rights, make elections, or take other such actions with respect to securities held for accounts. Clients are responsible for instructing each custodian of the assets, to forward to the client all proxy solicitations or similar matters relating to the client's investment accounts. Clients may obtain proxy materials by written request to the account's custodian. Advisor does not provide advice about the issues raised by proxy solicitations or other requests for corporate actions.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Advisor has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

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