

Southwest Investment Wrap Program

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This wrap account program brochure provides information about the qualifications and business practices of Southwest Investment Advisors, Inc. (the “Adviser”). If you have any questions about the contents of this brochure, please contact the Adviser at (520) 544-2500. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the US Securities & Exchange Commission and has notice filed with one or more states. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm CRD number is 312685.

Southwest Investment Advisors, Inc.

The most recent version of this Wrap Program Brochure was dated January 25, 2021.

In this version, the Adviser has updated its regulatory assets under management to the value of those assets as of December 31, 2021 to provide additional information regarding the types of fees charged to your account in Item 4 of the Brochure.

A full and complete copy of this Brochure is available at no cost on request. Alternatively, it can be viewed at www.adviserinfo.sec.gov.

Please contact us at (520) 544-2500 or rick@siatucson.com if you would like a copy of our updated Wrap Fee Disclosure Brochure. Additional information about us is also available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 4: SERVICES, FEES AND COMPENSATION

Advisory Services

Southwest Investment Advisors, Inc.

Southwest Investment Advisors, Inc. ("SIA") is a corporation organized in Arizona. SIA is newly registering to succeed to the business of the existing company of the same name. The predecessor, being acquired in its entirety has been registered as an investment advisor since August 2001. Richard Zich is President and Chief Compliance Officer of SIA.

Investment Management

We will review an individual's portfolio that they want to continue to manage themselves for an hourly rate or flat fee or we will manage an individual's investments on a discretionary basis for a fee based on a percentage of assets under management. Our investment management style is to use asset allocation following the principals of Modern Portfolio Theory (MPT). We generally utilize packaged investment vehicles such as mutual funds, unit investment trusts, closed end funds, and ETFs for a majority of client holdings. We will utilize individual Government, Corporate and Municipal Bonds when a situation warrants the use of such investments. Less frequently, we may also recommend or utilize other securities, such as individual stocks, to compliment a client's portfolio

We spend time up front learning about the clients, their objectives (i.e. retirement, college, home purchase, etc.) and utilize a questionnaire to assist in assessing a client's risk tolerance. We then use this information to determine the asset mix that best matches the client's objectives and risk tolerance. We may also use this information to draft a retirement plan forecast.

We allow clients to impose restrictions on the investments we make, as long as the restrictions don't limit our ability to manage the account within the parameters of our asset allocation models. However, if the client selects a specific security, it is the client's responsibility to monitor that security.

How Investments are Selected

Our investment management style is to use asset allocation following the principals of Modern Portfolio Theory (MPT). We have five portfolio allocations that range from most conservative (what we refer to as "Conservative/Income") to most aggressive (what we refer to as "Aggressive Growth"). We utilize packaged investment vehicles such as mutual funds, unit investment trusts, closed end funds, and ETFs for a majority of client holdings. Our goal is to find and use funds that fit each major investment category (i.e. LargeCap Growth, LargeCap Value, etc.) with little to no style drift and allocate clients investment funds to these categories in accordance with portfolio allocation selected for them. We do not make tactical investments on the equity side of the portfolio, however, we will make tactical investments when we deem appropriate on the fixed income side. We will also utilize individual Government, Corporate and Municipal Bonds when a situation warrants the use of such investments.

Our investment strategy involves investment risks. We do not believe our asset allocation portfolio's expose clients to significant or unusual risks. Our goal in using asset allocation is to reduce risk.

The material risks associated with mutual funds, in addition to market risks, is in the management of the fund, whether it be in the form of severe style drift, a manager leaving the fund, or excessive turnover resulting in higher trading costs. The material risks associated with Unit Investment Trusts and ETFs are primarily market risks as these investments are typically fixed portfolios with a low fee structure.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

Proxy Voting

We do not accept the authority to vote proxies on your behalf and cannot provide guidance about how to vote a specific proxy solicitation. You will receive proxies and other related paperwork directly from the custodian of your account.

Advisory Fees

Fees for investment management services are calculated as a percentage of assets under management. These fees are billed quarterly in advance, based on the assets under management as of the last day of the previous calendar quarter. Our fee schedule is:

<u>Account Type</u> *	<u>Fee</u>
Unlimited: Individual equities, bonds, mutual funds and ETFs	1.50%
Limited: Mutual Funds, bonds and ETFs	1.25%

* Unlimited and limited refer only to the category of investments held in an account, not the quantity or dollar amount.

All fees are to be considered negotiable based on total assets under management.

We do not receive performance-based fees.

If a client withdraws funds or terminates an account, any fees, commissions or other expenses associated with rebalancing or liquidating the account's holdings may be assessed to the account. Either the client or SIA may terminate the investment advisory agreement at any time by providing 5 days written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five days of signing our investment advisory agreement. After five business days, clients will receive a pro-rata refund.

Clients do not incur transaction charges. However, you may pay custodial fees, advisory fees charged by sub-managers and charges imposed directly by mutual funds and exchange traded funds or index funds, which charges are disclosed in each fund's prospectus. We do not earn any portion of these fees, and it is our practice to recommend purchases, sales and holds in no-load or load-waived mutual funds. In the event a client transfers in a mutual fund that pays a recurring 12b.1 we will convert the fund to a lower cost share class if available and/or we will offset your advisory fee by the amount of the commission.

You may incur additional costs related to the custody of your account at LPL. These include accounts related to the administration of an IRA or other specialized account type, fees to wire monies from your

account, cash management fees, and termination fees. Because these fees are set by LPL and no portion of these fees is earned by us, they are charged in addition to your advisory fee.

Fees will be automatically deducted from your account in accordance with the following process for your protection:

- The custodian sends statements no less frequently than quarterly showing all disbursements from the account, including the amount of the advisory fee; and
- We have entered into an agreement with LPL to calculate the fees according to our agreement with you, then direct debit the fee from your account on Southwest's behalf. You must provide authorization for this in Southwest's agreement, as well as in your paperwork with LPL.

In certain circumstances, we may allow you to pay by check rather than having payment deducted directly from your account.

Other Compensation

All clients in the wrap fee program are required to open a brokerage account with LPL Financial LLC ("LPL"). Our officers and some employees are registered representatives of LPL, an unaffiliated broker/dealer and FINRA and SIPC member firm. For mutual fund investments, registered representatives also receive trailing commissions in unmanaged (brokerage) accounts. Trailing commissions are fees the mutual fund pays to the registered representative each year that you own that mutual fund. If you decide to use LPL to implement any recommendations we make in our capacity as registered representatives, our officers and employees will receive commissions for those trades. Under no circumstances do our officers and employees earn trailing commissions on positions held in wrap fee accounts.

We receive an economic benefit from LPL in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at LPL, at no additional cost. The availability of LPL's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Some of the services LPL makes available to us benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. These products and services include software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts

LPL generally does not charge you separately for custody services. They are usually compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through them or that settle into their accounts.

Southwest Investment Advisors has received from LPL Financial upfront transition payments in order to assist SIA with transitioning its business onto the LPL Financial custodial platform. These funds may be used, but not necessarily limited to, offsetting things like ACAT fees, technology set-up fees, marketing and mailing costs, stationery and licensure transfer fees. This presents a conflict of interest in that SIA has a financial incentive to recommend that you maintain your account with LPL Financial. However, to the extent SIA recommends you use LPL Financial for such services, it is because SIA believes that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL Financial.

Our receipt of the foregoing economic benefits from LPL raise potential conflicts of interest. Our receipt of these services does not diminish our duty to act as fiduciaries in your best interest.

The advice we offer you may involve investment in mutual funds and/or exchange traded funds (“ETFs”). All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders (described in each fund’s prospectus). Such fees will generally include management fees and other fund expenses. We advise you to review all fees charged by mutual funds, ETFs, SIA and others to fully understand the total advisory fees you may be paying.

A wrap account program may not be suitable for all your investment needs, and your decision to participate in a wrap fee program should be based on your individual financial circumstances and investment goals.

The benefits under a wrap account program depend, in part, upon the size of your account and the number of transactions likely to be generated in the account. For example, wrap accounts may not be suitable for accounts with little activity or accounts comprised principally of fixed income securities.

Participating in a wrap account program may cost more or less than the cost of purchasing the same services separately from a broker or dealer.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The majority of our services are with individuals, which includes the living trusts of individuals. We also provide investment advice to pension plans. Generally we require that clients maintain \$100,000 under management with us. However, we may waive that minimum at our sole discretion.

ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

Investment advice is provided by the investment personnel listed below:

- Alexandra Kusler, Financial Advisor, Portfolio Manager
- Richard Zich, President, Chief Compliance Officer

Additional information regarding each of these individuals is provided in the attached Part 2B.

We do not require particular qualifications that our personnel must meet as to education or business experience. Rather, we select personnel involved in giving investment advice based on criteria that take into account many factors relating to their overall experience, qualifications and integrity. In addition, all

personnel involved in giving investment advice must meet the examination or experience requirements of the states in which they provide investment advisory services.

If a client expresses a preference for a portfolio manager we will work to accommodate that request. Portfolio managers may be changed at the client's request or on our initiative either to balance workload or to match a client's particular needs with the portfolio managers' varying areas of expertise and/or experience.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

When you establish an investment advisory account with us, one of our investment personnel will discuss with you your current financial situation, return objectives, risk tolerance, investment restrictions and other relevant information. It is your responsibility to provide accurate and complete information. The failure to do so could affect the services we provide. We enter into an investment management agreement with each client which discloses the investment style we will use to manage your account.

We do not share or disclose client information to nonaffiliated third parties except as permitted or required by law or as necessary to open and service your account. We are committed to safeguarding the confidential information we receive from clients.

ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients may contact and consult directly with us during regular business hours, which are Monday through Thursday, 7:00 a.m. to 4:00 p.m., and Fridays 7:00 a.m. to 2:00 p.m. There are no restrictions on client access to us—clients may contact us as often as is necessary to discuss their account and other financial needs.

We review the performance of individual portfolios and portfolio managers at least annually. No independent third parties are used to monitor performance. We attempt to measure performance in client accounts on a uniform and consistent basis but may alter our methodology in unusual cases, such as when a client portfolio holds private investments, restricted securities, control securities or other difficult-to-value assets.

ITEM 9: ADDITIONAL INFORMATION

Disciplinary Information

We have no legal or disciplinary events to report involving SIA, or any related individual.

Other Financial Industry Activities and Affiliations

Our officers and some employees are also registered representatives of LPL Financial LLC ("LPL"), an unaffiliated broker/dealer and FINRA and SIPC member firm. As registered representatives, these individuals receive commissions for executing trades for their clients at LPL. For mutual fund investments, registered representatives also receive trailing commissions. Trailing commissions are fees the mutual fund pays to the registered representative each year that you own that mutual fund. If you decide to use LPL to implement any recommendations we make, our officers and employees will receive commissions for those trades.

Most of our officers and investment personnel are also insurance agent registered with various insurance agencies, and as such sell insurance products. They may recommend insurance products to clients and may receive commissions for such sales if a client elects to purchase such products through these individuals in their capacity as insurance agent. The insurance products sold are transacted with a variety of insurance companies on a commission basis.

In these situations, a conflict of interest exists between your interests and those of SIA.

You are under no obligation to implement investment, financial planning or insurance recommendations through LPL. If you do elect to use LPL, you are under no obligation to choose one of our officers or employees as your registered representative. Commissions paid to LPL may be higher or lower than other broker/dealers who provide similar services.

Clients are under no obligation to purchase or apply for any insurance, or to use any investment personnel of SIA as the broker for insurance products purchased.

SIA subscribed to an advertising service offered by a company run by Dave Ramsey ("Ramsey") an internet investment personality and provider of consumer investment educational tools and information. Ramsey offered a listing service for investment professionals like SIA. SIA paid a flat monthly fee to Ramsey for exposure to interested consumers in Tucson AZ and North San Diego CA.

Code of Ethics

We have adopted a code of ethics ("Code of Ethics") for all of our employees describing our high standard of business conduct and fiduciary duties to our clients. The Code of Ethics is to ensure we fulfill our fiduciary duty to clients by always acting in their best interest and maintaining a strong culture of compliance by following all securities laws, rules and regulations.

Our employees and persons associated with us are required to follow the Code of Ethics. Subject to satisfying the Code of Ethics and applicable laws, our officers and employees may trade for their own accounts in securities which are purchased for our clients. Among other things, our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in your best interest and (ii) implementing the decisions while, at the same time, allowing employees to invest for their own accounts. Because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

You may request a copy of the firm's Code of Ethics by contacting us.

Personal Trading for Associated Persons

We may buy or sell some of the same securities for you that we already hold in our personal account. We may also buy for our personal account some of the same securities that you already hold in your account. It is our policy not to permit our associated persons (or their immediate relatives) to trade in a way that takes advantage of price movements caused by your transactions.

We may restrict trading for a particular security for our accounts or those of our associated person if there is a pending trade in that security in a client account. Trades for our accounts (and those of our associated persons) will be placed after client trades have been completed. When our trades are placed after our client trades, we may receive a better or worse price than that received by the client.

SIA and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

All persons associated with us are required to report all personal securities transactions to us quarterly.

Review of Accounts

Portfolio and investment objective/risk tolerance are reviewed for each client at least annually. Each client's retirement plan forecast is periodically reviewed and updated. Typically a change in the client's life situation will trigger a review.

Portfolio Reports Provided to Clients.

Clients receive annual reports which contain information about the performance of their investment portfolio in dollar and percentage terms. **We strongly encourage you to review the account statements you receive from LPL and SIA.**

Other Compensation

We receive an economic benefit from LPL in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at LPL, at no additional cost. The availability of LPL's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Some of the services LPL makes available to us benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. These products and services include software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts (see Aggregation of Orders in Item 12, above.
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts

Use of Solicitors

We do not provide compensation for client referrals.

Financial Information

We do not charge or solicit pre-payment of more than \$1200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.