

# Disclosure Brochure

Item 1 Cover Page

## **Schechter Investment Advisors, LLC**

*An SEC Registered Investment Adviser*

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Bloomfield Hills, MI 48009

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*FY 2022 Annual Update*

*March 10, 2023*

*This From ADV, Part 2A Firm Brochure provides information about the qualifications and business practices of Schechter Investment Advisors, LLC (hereinafter "SIA" or the "Firm"), dba Schechter Investments, a registered investment advisor. If you have any questions about the contents of this brochure, please contact us at 248-731-9500. 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 SIA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SIA is an SEC registered investment adviser. Registration does not imply any specific level of skill, training, or ability with respect to the provision of investment advisory services.*

*Additional information about SIA is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## **Item 2. Material Changes**

This section of Schechter Investment Advisor's ("SIA" or the "Company") ADV Part 2A Disclosure Brochure ("Brochure") is intended to identify and summarize material changes made to our Brochure since our last annual ADV, Part 2A Brochure filing on March 31, 2022. As always, please contact SIA at 248-731-9500, if you would like to request a copy of our most recent ADV Brochure.

SIA has no material changes since our last annual ADV, Part 2A Brochure filing on March 31, 2022.

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## Item 4. Advisory Business

SIA offers financial planning and investment management services. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with SIA setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

SIA began operating as an independent registered investment adviser in October 2013. Since January 1, 2020, Samanjo, Inc. has been the Direct Owner of SIA. Marc R. Schechter is the indirect owner of SIA and owns 100% of Samanjo, Inc. As of December 31, 2022, SIA had \$2,847,054,175 of total assets under management, \$2,473,054,775 of which was managed on a discretionary basis and \$373,999,400 was managed on a non-discretionary basis.

While this brochure generally describes the business of SIA, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

SIA offers its clients a range of financial planning and consulting services, including:

- Asset Allocation
- Retirement Planning
- Estate Planning
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis
- Charitable Giving Planning
- Income Tax Planning

While some of these services are available on a stand-alone basis, certain services may be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described below). In performing these services, SIA is not required to verify information received from the client or from the other professionals advising the client (e.g., attorneys, accountants, etc.).

In addition to the above listed services, SIA recommends services offered by its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a third-party broker-dealer in order to implement its recommendations, which creates potential conflicts of interest for those individuals. (See *Item 10, Other Financial Industry Activities and Affiliation* for a further description of SIA’s conflicts of interest).

Clients are advised that if they engage SIA to provide additional fee-based services, the client retains absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by SIA under a financial planning or consulting engagement or to engage the services of any such recommended professionals, including SIA itself.

### Investment Management and Wealth Management Services

SIA manages client investment portfolios on a discretionary or non-discretionary basis. In addition, SIA offers clients wealth management services, which include the broad range of comprehensive financial planning and/or consulting services described above.

SIA primarily allocates client assets among various independent investment managers (“Independent Managers”), mutual funds, interval funds, exchange-traded funds (“ETF”), and individual debt and equity securities in accordance with the investment objectives of its individual clients. In addition, SIA may also recommend that clients who, at a minimum, qualify as accredited investors (or the necessary accreditation specific to the investment) as defined by Rule 501 of Regulation D under the Securities Act of 1933, invest in privately placed securities, which may include debt, equity, or interests in pooled investment vehicles (e.g., hedge funds), including investments in private funds issued and managed by SIA’s affiliated SEC registered investment advisor, Schechter Private Capital, LLC (“SPC”). (See *Item 10, Other Financial Industry Activities and Affiliations* for a description of SIA’s conflicts of interests relating to SPC.)

SIA tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. SIA consults with clients on an initial and ongoing basis, at least once annually, to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are asked to promptly notify SIA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts, if SIA determines, that the restrictions or mandates will not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts. Certain clients of SIA may also work with other advisors/brokers and engage SIA to only manage or oversee a portion of their assets. In these situations, a holistic approach is limited and the management of the portfolio is typically focused on the specific assets that the client has hired SIA to manage.

Clients may also engage SIA to advise on certain investments and/or plans that are not maintained at their primary custodian, such as variable and fixed life and annuity insurance contracts, assets held in employer sponsored retirement plans, and qualified tuition plans (i.e., 529 plans). In these situations, SIA directs or recommends the allocation of client assets among the various investment options available. These assets are generally maintained at the underwriting insurance company, or the custodian designated by the product’s provider.

### **Schechter Reporting Services**

SIA offers a consolidated reporting service primarily to high-net-worth individuals who are not currently an SIA advisory client. Through this service, SIA provides asset and other financial reporting services delivered through a client portal. SIA utilizes third-party reporting software for this service, which develops reports based on client needs and specifications.

SIA charges clients a flat annual fee for this service, which is negotiable depending upon the size of the client account(s), size of non-custodial/outside accounts, and frequency of reporting provided by SIA. SIA also offers its consolidated reporting clients a fee discount should they choose to engage SIA for any additional fee-based services, as well. Any such discount will be negotiable on a client-by-client basis, depending on account size, complexity, type(s) of services, and amount of service provided at that time.

### **Securities-Based Lending Program**

SIA and its Supervised Persons may assist clients in entering into a loan agreement establishing a line of credit offered through SIA’s primary custodian, Pershing LLC, depending upon the client’s investment needs

and objectives. The 'Pershing LoanAdvance Lending Program' ("LoanAdvance") enables SIA clients to obtain credit secured by their securities and other property held, carried, or maintained by the client in Pershing's possession, also known as "pledging". The client is responsible for independently evaluating whether the terms on which Pershing is willing to lend are acceptable. Clients' assets that are custodied with firms other than Pershing will also generally have similar securities-based lending programs available to them, including Schwab and Fidelity.

The fees related to a securities-based loan are separate from the advisory fees charged to a client's advisory account. Clients should explore the details of the LoanAdvance program, and any other securities-based lending agreement, with their Advisor in order to determine whether the arrangement is appropriate to meet the client's needs. Neither SIA nor its Supervised Persons receive any direct or indirect compensation or benefit for recommending clients to the LoanAdvance program.

### **Use of Independent Managers**

SIA may select or recommend certain *Independent Managers* to manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either SIA or the client. In addition to this brochure, clients may also receive written disclosure documents of the *Independent Managers* engaged to manage their assets. SIA does not receive compensation from any such *Independent Manager*.

SIA evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. SIA also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors.

On an ongoing basis, SIA monitors the performance of those accounts being managed by *Independent Managers*. SIA seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests. The following list is not all-inclusive but represents specific programs or offerings SIA utilizes.

#### Callan Associates, LLC

Callan Associates, LLC (Callan), a third-party federally registered investment adviser, is one of multiple third-parties SIA utilizes to select *Independent Managers*. Callan evaluates independent investment managers across multiple assets classes. Using qualitative and quantitative screens, Callan develops and provides SIA with a list of vetted and approved *Independent Managers*. In addition, Callan also negotiates lower investment minimums and fees with these *Independent Managers* for SIA clients. Finally, Callan provides ongoing due diligence on these managers to determine if they should remain on the approved list. SIA may select *Independent Managers* from this Callan approved list for use in client portfolios.

SIA works with Callan using two different investment platforms. The first is the *Callan Unified Managed Account (UMA) platform*. The Callan UMA platform is an integrated investment platform in which a client's

assets can be invested in a single custodial account across multiple asset classes. On the UMA platform, Callan provides a list of approved independent managers (i.e., sub-advisors), whose portfolios are implemented by a Callan approved independent overlay manager, *Managed Portfolio Advisors (MPA)*, a division of Natixis Global Asset Management. After portfolio implementation, MPA is responsible for the ongoing trading, tax loss harvesting and portfolio rebalancing of clients' accounts.

There are different fee components on the UMA platform. These include SIA's investment management fee, which is described in more detail under *Item 5. Fees and Compensation*, the fees for the various independent investment managers, the Callan fee, the MPA fee, and a custodial fee. The typical managed account minimum investment is \$100,000 of assets. The fees for the *Independent Managers* range from 18 basis points (0.18%) to 50 basis points (0.50%). The Callan fee is a sliding fee calculated based on assets under management ranging from 19 basis points (0.19%) on the first \$10 million of client assets invested on the UMA platform to 9 basis points (0.09%) for investable assets in excess of \$20 million. The MPA fee is also a sliding asset-based fee ranging from 17 basis points (0.17%) on the first \$3 million of investable assets to 6 basis points (0.06%) on assets in excess of \$100 million. The custodial fee at Pershing, where all clients invested on the UMA platform are currently custodied, is 6 basis points (0.06%) of investable assets. A client's specific fee will be dependent on several factors, including assets under management, portfolio allocation, and the independent managers used to implement the portfolio. Client assets on the UMA platform are invested on a discretionary basis by MPA.

In addition to the UMA platform, SIA works with Callan through a separately managed account platform (SMA), in which client assets are invested in multiple accounts, each managed by an individual investment manager that is responsible for performing their own trading on the account. Callan provides SIA with a list of approved managers. The fees on this investment platform include the SIA fee, the fees paid to the independent investment managers and the custodian. On the SMA platform, the independent manager fees range from 19 basis points (0.19%) to 100 basis points (1.00%). The typical manager account minimum investment is \$1 million of assets.

#### Schwab Managed Account Select Platform

SIA may also use the Schwab Managed Account Select Platform. On this platform, Schwab performs the investment manager due diligence and provides SIA with a list of approved managers to use to implement client portfolios. On the Schwab platform, the typical manager minimum account size is \$100,000.

The fees on the Schwab Managed Account Select Platform include the SIA fee and the Schwab fee. The Schwab fee is an asset-based fee which incorporates the fee to Schwab, the independent managers, and the custodial fee. The fee for equity portfolios ranges from 100 basis points (1.00%) on the first \$250,000 invested in equities to 65 basis points (0.65%) for equity investments in excess of \$5 million. On fixed income portfolios, the fee ranges from 65 basis points (0.65%) on the first \$250,000 of assets invested to 45 basis points (0.45%) for assets in excess of \$5 million. The assets of the Schwab Managed Account Select platform are invested on a non-discretionary basis. The fees outlined above are independent of each other and the client is responsible for all independent fees.

## **Alternative Investments**

In addition to traditional investment vehicles, SIA also invests client assets using alternative investments and structured notes. SIA considers a variety of third-party alternative investment platforms such as, for example, the Capital Integration Systems, LLC (CAIS) platform, but may also consider direct investments with private hedge funds, private equity or debt funds. SIA also considers other managers providing structured solutions.

CAIS sources and selects new funds for its platform through a due diligence process conducted by Mercer Investment Consulting (Mercer). The process typically includes discussions among CAIS, prospect funds, their managers, Mercer and other relevant third parties experienced with the managers. Products that are appropriate and desirable for the platform are subject to internal committee reviews by CAIS and full, independent diligence review by Mercer. Product onboarding occurs only following the successful completion of these processes. Following onboarding, a regular dialogue and review is maintained with respect to each fund so long as it remains on the platform. The use of the CAIS platform enables SIA's clients to have access to alternative investments at meaningfully lower dollar amounts, often starting at \$100,000 minimum investments, than the funds usually require. The management fees and the carried interest vary at the fund level. Finally, there are alternative investment managers that SIA uses that are not on the CAIS platform that SIA independently analyzes. The fees on these funds also vary by fund.

## **Mutual Funds and ETFs**

SIA also utilizes mutual funds, ETFs, and other traditional securities in managing client portfolios. SIA performs internal research and analysis when considering any such investments. In addition, SIA has relied upon Callan to screen certain mutual funds for SIA. In addition to using Callan approved mutual funds when implementing client portfolios, SIA will also look to use mutual funds from additional platforms or managers, and other index mutual funds and/or ETFs.

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

SIA offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management or advisement.

### **Investment Management and Wealth Management Fees**

SIA provides investment management services for an annual fee ("management fee") based on the amount of assets under SIA's management. The fee varies depending upon the size of a client's portfolio and the type of services rendered. The annual fee is capped at 125 basis points (1.25%) of a client's assets under management.

The annual fee is prorated, and generally charged quarterly in advance, but may also be charged in arrears, based upon the market value of the assets being managed by SIA on the last day of the previous billing period or by daily average account balances.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted or prorated to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis using average daily account



balances. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client or unearned portion is refunded to the client, as appropriate.

For certain clients on a fixed fee, the fee is negotiated directly with the client based on the size and scope of the relationship.

### **Fee Discretion**

SIA, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and pro bono activities. SIA family members of our advisory clients may benefit from an advisory fee discount.

### **Use of Margin**

Clients may authorize SIA to use margin in the management of the client's investment portfolio. In these cases, the fee payable will be assessed on the account value net of margin debt, plus cash.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to SIA, clients will also incur certain charges imposed by other third parties, such as broker-dealers, qualified custodians, fund managers, trust companies, banks, and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, Hedge Funds, Investment Consulting Firms and Managed Portfolio Advisors; charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Clients are encouraged to read such prospectuses carefully to evaluate such fees. The Firm's brokerage practices are described at length in *Item 12*, below.

### **Fee Debit**

Clients generally provide SIA with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified Custodians for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SIA. Though generally not preferred, certain legacy clients have elected to have SIA send them an invoice for direct payment.

### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept certain securities into a client's account. Clients may withdraw account assets on notice to SIA, subject to the usual and customary securities settlement procedures. Further, certain assets may have limited liquidity

and the ability to withdraw will be subject to the underlying assets liquidity terms and availability. SIA designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. SIA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may pay transaction fees and/or mutual fund fees. In addition, transfer of securities may have tax ramifications for the client.

### **Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain Supervised Persons of SIA who are dually registered as investment advisor representatives (IAR) of SIA and registered representatives (RR) of Kingswood *Capital Partners, LLC* (formerly "*Chalice Capital Partners, LLC*"), to render securities brokerage services under a separate commission-based arrangement with Kingswood. Clients are under no obligation to engage such persons and may choose brokers or agents not associated with SIA. These RRs may be entitled to a portion of the brokerage commissions paid to *Kingswood*, as well as a share of any ongoing distribution or service (trail) fees from the (12b-1) sale of mutual funds. SIA may also recommend no-load or load-waived funds, where no sales charges are assessed. Prior to effecting any transactions, clients are required to enter into a separate agreement with *Kingswood*. SIA does not receive any portion of commissions or transaction fees charged by *Kingswood*.

Additionally, dually registered Supervised Persons may offer securities brokerage services to SIA clients. Certain *Supervised Persons* of SIA are also insurance agents of Robert Schechter & Associates, Inc ("Schechter Wealth"), and may offer insurance products under a separate commission arrangement. (See *Item 10. Other Financial Activities and Affiliations* for a discussion of conflicts of interest stemming from SIA *Supervised Persons* offering these non-advisory services.)

### **Advisory Fees Negotiable**

SIA, in its sole discretion, reserves the right to negotiate fees based upon certain criteria including, but not limited to, anticipated future earning capacity and additional assets, the dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. Additionally, certain *Independent Managers* may impose more restrictive account requirements and billing practices that differ from SIA. In such instances, SIA may alter its corresponding account requirements and billing practices to accommodate those of the *Independent Managers*.

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

SIA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). However, SIA's affiliated registered investment advisor, Schechter Private Capital, LLC (SPC) entered into an agreement in 2021 with third-party FINRA member broker-dealer Kingswood Capital Partners, LLC (Kingswood) to utilize certain SIA IARs, who are RRs of Kingswood, to act as non-exclusive finder and placement agents, who may be compensated a performance-based fee through Commissions paid by Kingswood for the identification, referral, and introduction of prospective investors to an SPC private fund or series investments.

## **Item 7. Types of Clients**

SIA primarily provides its services to high-net-worth individuals, individuals (other than high net worth), trusts, estates, charitable organizations, corporations, and other business entities.

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

### **Methods of Analysis**

SIA is typically focused on asset allocation, prior to security selection. Through discussion with clients, advisors develop an asset allocation for clients, and then select the investments that are used to build that asset allocation.

SIA's method of analysis generally typically involves a combination of internal and third-party analysis of a fund or managers, management team, investment strategies, style drift, past performance, reputation, and financial strength in relation to the asset class concentrations and risk exposures of the client's asset allocations. In addition, SIA may utilize services and analytical software tools from Callan LLC ("Callan"), and SS&C Black Diamond ("Black Diamond") to manage its client accounts. Such services and tools include capital markets and investment manager research and analytical tools that are used to assist in determining an appropriate asset allocation strategy, establishing investment manager structure and monitoring portfolio results versus relative benchmarks and peer groups.

Callan is the program coordinator to NGAM Advisors, L.P., the administrator and overlay manager of the Callan UMA program. SIA may recommend the UMA program to its qualified clients to achieve the benefits of multiple investment manager diversification. Callan may reduce or waive fees payable by SIA for IAG services based upon fees received by Callan attributable to SIA-client assets in the Callan UMA program. SIA is unaffiliated with Callan, though use of the Callan UMA program results in a conflict of interest for SIA, as the receipt of IAG services at reduced or wholly waived fees can create an incentive for SIA to recommend the UMA to its qualified clients. In fulfilling its fiduciary duties to its clients, SIA endeavors to always put the interests of its clients first and mitigates this conflict by supervising IAR's recommendations to the UMA platform.

### **Investment Strategies**

SIA uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client. The client may change these objectives at any time. Each client executes an Investment Policy Statement ("IPS") that documents the client's objectives and desired investment strategy. Portfolios may vary from the general asset allocation guidelines at times, provided the portfolios are still designed to meet the clients' objectives and investment strategy. Investment strategies used by SIA include long-term purchases, short-term purchases, trading, and margin transactions. SIA also offers advice to clients on investing in alternative investments, where appropriate. In executing its investment management process, SIA utilizes a five-step methodology. Each step is important to the overall process:

1. Analyze Client Time Horizon and Risk Tolerance.
2. Design the Asset Allocation Model Based on Client Profile.
3. Formalize the Investment Process through the IPS.
4. Implement the IPS through Independent Managers, Mutual Funds, ETFs, and Alternative Investments (and other securities); and
5. Monitor Independent Managers, Mutual Funds, ETFs, and Alternative Investments (and other securities).

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses, including loss of principal amounts invested.

### *Market Risks*

The profitability of a significant portion of SIA's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds, and other financial instruments and markets. There can be no assurance that SIA will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event, they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which an open-end share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a closed end mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### Use of Independent Managers

SIA may recommend the use of *Independent Managers*. In these situations, SIA continues to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, SIA does not have the ability to supervise the *Independent Managers* on a day-to-day basis.

### Management Through "Model" Accounts

SIA manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets primarily among various mutual funds, ETFs, and/or securities on a discretionary basis using one or more of its proprietary investment strategies.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after-tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions affected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact SIA if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

### Use of Private Collective Investment Vehicles

SIA recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. Hedge Funds and Private Equity Funds are typically not liquid investments, and investors may lose their principal investment. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation concerning the Investment Company Act of 1940. Due to the numerous risks of investing in these securities, clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

### Master Limited Partnerships (MLPs)

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their *pro rata* share of the partnership taxes, regardless of the types of accounts where the interests are held.

### Use of Margin

SIA may be authorized to use margin in the management of client's investment portfolios. In these cases, the fee payable will be assessed on the account value net of margin debt, plus cash.

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally affected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a financial lending Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

### Regulation

Laws and regulations affecting the business change from time to time, and the Firm is currently operating in an environment of significant regulatory reform, both in the U.S. and globally. SIA cannot predict the effects, if any, of future legal and regulatory changes on the business or the services the Firm provides.

## **Item 9. Disciplinary Information**

SIA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Registered Representatives of Broker Dealer**

Some of SIA's *Supervised Persons* are registered representatives of Kingswood Capital Partners, LLC (formerly *Chalice Capital Partners, LLC*), a third-party broker dealer that provide clients with securities brokerage services under a separate commission-based arrangement. SIA does not receive any compensation from this activity and the registered representative typically does not execute trades on behalf of SIA clients. If trades are executed on behalf of any SIA client, the client is informed of the capacity in which the Supervised Person is acting, and that the Supervised Person is not acting as an investment advisor representative of SIA.

### **Schechter Private Capital (SPC)**

Schechter Private Capital, LLC ("SPC", formerly Maple Woodward Capital, LLC) was formed in 2016 with the intention of serving as Manager and/or General Partner and Investment Advisor to select private fund ("SPC Funds"). Currently, SPC serves as the Manager and Advisor to the various series of Schechter Private Capital Fund I, LLC which, through various series, pursues certain venture capital and private-equity strategies. SPC is owned and controlled by SIA owner Marc Schechter, and by Aaron Hodari, SIA's Managing Director and Chief Investment Officer (CIO).

SIA may advise its clients on investments in SPC Funds for their portfolios. SPC does not offer direct incentive compensation to SIA IARs for recommending SIA client investments in SPC Funds/Series. Such restrictions are designed to prevent incentives that SIA and SPC IARs, or other related persons, might have to recommend investments in SPC Funds or Series that may not be a suitable investment based on, among other things, a potential investor's overall financial goals, objectives, and investment risk tolerance. SIA IARs who are also registered with Kingswood Capital Partners, LLC, may receive direct compensation through Kingswood for clients' investments in SPC Funds.

All SIA investment decisions, including recommendations to invest in any SPC Fund/Series, made by an IAR of SIA, are made in accordance with the SIA client's applicable investment goals and objectives. While the activities of certain key SIA and SPC staff will continue to overlap, the activities of Supervised Persons associated with both SIA and SPC are monitored and reviewed by their respective supervisors, as set forth in SIA's ADV Part 2B.

### **Receipt of Insurance Commission**

SIA is under common control with Robert Schechter & Associates LLC (dba "Schechter Wealth," "Schechter"), a licensed insurance agency. Certain SIA Supervised Persons are licensed insurance agents of Robert Schechter & Associates and, in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While SIA does not sell such insurance products to its investment advisory clients, SIA does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its advisory clients. A conflict of interest exists to the extent that SIA recommends the purchase of insurance products in which SIA's Supervised Persons receive insurance commissions or other compensation. SIA mitigates this conflict of interest through on-going supervision and training designed to ensure that recommendations are made in the client's best interest.

### **CAIS Relationship**

SIA from time to time will recommend and facilitate investments on behalf of clients in alternative investments. Investments in alternatives are sometimes made through the platform of CAIS Capital LLC ("CAIS"), a registered broker-dealer. SIA benefits from using CAIS for alternatives as they conduct due diligence in addition to the due diligence SIA completes, and often has Mercer complete due diligence as well. Investments made through CAIS are made through feeder funds created by CAIS to gain access to the underlying managers or facilitated by CAIS for investors to subscribe directly to the desired fund. CAIS assists with administration, subscription documents, ongoing maintenance, and custodial platform recognition. Although SIA believes that it has expertise in alternative investments, SIA also benefits from the additional due diligence and administrative support done by CAIS. SIA also uses and evaluates other third-party platforms in addition to CAIS, including iCapital.

Aaron Hodari, SIA's Managing Director and CIO, sits on the advisory council for CAIS with other industry professionals. The purpose of the CAIS advisory council is to strategize on the direction of CAIS into the future. Mr. Hodari receives no compensation for this role, but may be reimbursed for travel, lodging, and entertainment while attending advisory council meetings.

SIA first used CAIS for alternative fund access in 2015. After this time, SPC made an investment in CAIS Holdings from a series of the private fund, Schechter Private Capital Fund I, LLC in early 2019. SPCs fund



earns performance fees on the success of the underlying investments. CAIS generates revenue from subscriptions to funds on their platform and transactions they help facilitate in other investment or service-related engagements. There is a potential conflict whereby SIA could direct client transactions with CAIS to support the SPC investment. SIA principals believe the prior relationship with CAIS clearly indicates the business decision on behalf of SIA to work with CAIS is irrespective of the SPC investment. Further, the principals of both SIA and SPC act as fiduciaries to their clients and make investment recommendations based on the client's best interest.

### **Enlightened Finance, LLC**

SIA has entered into a solicitor agreement with Enlightened Finance, LLC ("EFL"), a state-of-Florida RIA. Marc Schechter owns 50% of Vernon Investments LLC, which owns 10 % of EFL. Certain EFL IARs are employed as insurance agents of Schechter Wealth. As a result, EFL periodically conducts advisory business from a shared office space. SIA requires EFL to remain separate from SIA operations and recordkeeping, and prospective client referrals are required to be provided with appropriate solicitor disclosures. This represents a material conflict of interest as SIA IARs are incentivized to recommend EFL to any existing or prospective clients that may no longer meet SIA's target client standard.

### **SIA Advisors Compensated as Placement Agents of Kingswood Capital Partners, LLC**

SIA's affiliated registered investment advisor, Schechter Private Capital (SPC), utilizes certain IARs of affiliate SIA, who are also RRs of Kingswood to act as non-exclusive finder and placement agent to refer and introduce prospective investors to an SPC private fund or series investment. This represents a material conflict of interest as SIA IARs are incentivized to recommend client investments in SPC funds due to the compensation the IAR would receive in their capacity as an RR of Kingswood. SIA mitigates this conflict by monitoring SIA client investments in SPC funds, and training IARs operating in this "dual capacity" to understand their fiduciary duty to always put client interests above their own.

### **Outside Investments with SIA Clients**

Marc Schechter, indirect owner, of SIA, shares joint ownership with several SIA clients in multiple unrelated limited liability companies, each created for the purpose of acquiring interest in private companies or real estate ventures that are not offered or recommended to other SIA clients. This relationship represents a material conflict of interest, as Mr. Schechter is incentivized to potentially favor these SIA clients for more favorable treatment or investment opportunities, which could put certain client interests above those of other SIA clients. SIA mitigates this conflict by supervising the IARs who advise these clients and requiring Compliance Committee pre-approval of any future investments in private companies or real estate ventures Mr. Schechter incorporates.

## **Item 11. Code of Ethics**

SIA has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons which refer to the Firm's officers, partners, directors, (or other persons occupying a similar status or performing similar functions)



employees or other persons who provide investment advice subject to the Firm's supervision and control. SIA's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients to take advantage of pending orders. Clients and prospective clients may contact SIA at 248-731-9500 to request a copy of its Code of Ethics.

The Code of Ethics also requires SIA's Supervised Persons (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, SIA Access Persons are permitted to buy or sell securities that it also recommends to clients, if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

While the Firm is considering a securities transaction on behalf of a client, no Access Person may knowingly affect for themselves or for their immediate family, a transaction in that security unless: (i) the client transaction has been completed; (ii) the transaction for the Access Person is completed as part of a batch trade (as defined below in *Item 12*) with clients; or (iii) a decision has been made not to engage in the transaction for the client. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high-quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Specific to ERISA, IRA, Roth IRA, Keogh, or 401K accounts ("Retirement Investor"), SIA confirms that with respect to Retirement Investors, it is acting as a fiduciary as defined by the Department of Labor and that advice is based on the particular investment needs of the advice recipient. As a fiduciary, SIA complies with the following Impartial Conducts Standards: (i) SIA will act in the best interest of client. This is defined as acting with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Investor, without regard to the financial or other interests of SIA, or any affiliate, related entity or other party. (ii) Compensation received by SIA (or its affiliates or related entities) with respect to any recommended transactions will be reasonable. (iii) SIA and its employees will not make any materially misleading statements to the Retirement Investor about recommended transactions, fees and compensation, conflicts of interest and any other matters relevant to the Retirement Investor's investment decisions.

## **Item 12. Brokerage Practices**

SIA generally recommends that clients utilize the brokerage and clearing services of the qualified custodians it recommends for investment management accounts. Factors which SIA considers in recommending its qualified custodians or any other broker dealer to clients include their respective financial strength, reputation,

execution, pricing, research, and overall service. Our current custodians enable SIA to obtain a wide variety of mutual funds without transaction charges as well as other securities at no or nominal transaction charges.

### **Best Execution**

The commissions paid by SIA's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to affect the same transaction where SIA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the Financial Institution's range of services, including, execution capability, commission rates, and general responsiveness. SIA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

SIA periodically reviews its recommendation of Financial Institutions in the context of its duty to obtain best execution. Clients are provided the opportunity to direct SIA to use a specific Financial Institution to execute some or all transactions for their account. In such cases, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by SIA (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads, or may receive less favorable net prices on transactions for the account than would otherwise be the case. SIA may decline a client's request to direct brokerage if, in the Firm's sole discretion, such an arrangement would result in operational difficulties or violate restrictions imposed by other broker-dealers.

### **Batch Trading**

Transactions for each client generally will be affected independently unless SIA decides to purchase or sell the same securities for several clients at approximately the same time. In the latter situation, SIA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among SIA's client's differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SIA's clients pro rata to the purchase and sale orders placed for each client on any given day. SIA does not receive any additional compensation or remuneration as a result of the aggregation.

If SIA determines that a prorated allocation is not appropriate under the particular facts and circumstances, the allocation will be made according to other relevant factors, which could include: (i) in a situation where only a small percentage of the order is executed, shares may be allocated to the account with the smallest order, or the smallest position, or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines, which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv)

with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, SIA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### **Commissions or Sales Charges for Recommendations of Securities**

As discussed above, certain Supervised Persons in their respective individual capacities are registered representatives of Kingswood. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless Kingswood provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through Kingswood if they have not secured written consent from Kingswood to execute securities transactions through a different broker-dealer. Absent such written consent or separation from Kingswood, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than Kingswood under Kingswood internal supervisory policies. SIA is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

SIA may receive from its qualified custodians, without cost to SIA or its clients, computer software and related systems support, which allow SIA to better monitor client accounts maintained at its qualified custodians. SIA may receive the software and related support without cost because SIA renders investment management services to clients that maintain assets at its qualified custodians. The software and support are not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit SIA, but not its clients directly. In fulfilling its duties to its clients, SIA endeavors at all times to put the interests of its clients first. Clients should be aware; however, that SIA’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence SIA’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

SIA may receive the following benefits from its qualified custodians: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its qualified custodians; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

SIA may receive benefits from independent third-party managers from time to time including small gifts, meals, and conference attendance along with other travel-related benefits. SIA and its IARs are required to seek pre-approval for all such benefits prior to accepting them. All SIA Supervised Persons must always act as a fiduciary to clients and may not factor such benefits into investment and portfolio decisions.

## **Item 13. Review of Accounts/Account Reviews**

For those clients to whom SIA provides investment management services, SIA monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis with clients. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with SIA and its Supervised Persons and to keep SIA informed of any changes thereto.

For those clients to whom SIA provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. As requested, clients may also receive written or electronic reports from SIA and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from SIA or an outside service provider. Those clients to whom SIA provides financial planning and/or consulting services will receive reports from SIA summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by SIA.

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

SIA may receive economic benefits in the form of research and educational services and analytical software tools from Callan that it uses to manage its clients' accounts at reduced or wholly waived fees based upon fees received by Callan that are attributable to SIA-clients' assets in the Callan UMA program. In addition, Callan has waived an annual retainer for its services that would be charged to SIA based upon the revenue Callan receives from SIA clients participating in the UMA program.

### **Other Economic Benefits**

SIA is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Some SIA representatives may also be licensed insurance agents. SIA does not receive an economic benefit; however, the individual investment advisor representatives may receive compensation for acting as insurance agents or making insurance related referrals to Schechter Wealth.

### **Client Referrals**

If a client is introduced to SIA by someone other than a client, SIA may compensate that person in accordance with the requirements of Rule 206(4)-1 of the Advisers Act and any corresponding state securities law requirements.

## **Item 15. Custody**

SIA's Agreements with its clients and/or the separate agreement with any qualified custodian may authorize SIA to debit the client's account for SIA's fee and to directly remit that management fee to SIA in accordance with applicable custody rules. SIA urges clients to carefully review the statements sent directly by the Financial Institutions and compare them to those received from SIA.

The qualified custodians recommended by SIA have agreed to send a statement to our clients, at least quarterly, indicating all amounts disbursed from the account, including the amount of management fees paid directly to SIA. In addition, as discussed in *Item 13*, SIA may also send periodic supplemental reports to clients.

## **Item 16. Investment Discretion**

SIA may be given the authority to exercise discretion on behalf of clients. SIA is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. SIA is given this authority through a power-of-attorney included in the agreement between SIA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). SIA takes discretion over the following activities:

- The securities to be purchased or sold.
- The amount of securities to be purchased or sold; and
- When transactions are made.

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

SIA is required to disclose if it accepts authority to vote client securities. SIA does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*, or the proxies are voted by the *Independent Managers*.

## **Item 18. Financial Information**

SIA is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered.
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.