

# Shuster Advisory Group, LLC

## Form ADV Part 2A Brochure

*This brochure provides information about the qualifications and business practices of Shuster Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (626) 578-0816 or by email at: [info@sfgRPC.com](mailto:info@sfgRPC.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 Shuster Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Shuster Advisory Group, LLC's CRD number is: 170233.*

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*Registration does not imply a certain level of skill or training.*

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## Item 2: Material Changes

Since the last annual updating amendment on 03/22/2022 of Shuster Advisory Group, LLC, the only material change related to Shuster Advisory Group, LLC s policies, practices, or conflicts of interests is that effective May 1, 2023, Shuster Advisory Group, LLC has moved its home office to another location.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Shuster Advisory Group, LLC (“Shuster”) is a Limited Liability Company organized in the State of California. The firm was founded in February 2014 as a non-proprietary, independently owned and operated registered investment adviser, focused on delivering unbiased and objective advice to our clients. The firm’s founder and the principal owner, Mark Allan Shuster, has worked in the financial services industry since 1985.

### B. Types of Advisory Services

Shuster provides pension consulting services to corporate, governmental, and not-for-profit entities. The types of qualified and non-qualified retirement plans for which we provide advice include but are not limited to: 401(k), 457(b), 401(a), 403(b), Deferred Compensation, Defined Benefit, Section 115 OPEB and Pension Pre-Stabilization, Retiree Health Reimbursement Arrangements and SERP plans.

In its capacity as a pension consultant, Shuster provides 3(21) and 3(38) fiduciary services as well as certain non-fiduciary services. When acting in the capacity of a 3(21) fiduciary, Shuster provides investment advice and recommendations regarding the plan investments. When acting as a 3(38) fiduciary, Shuster has discretionary authority to select and change plan investment options.

The full list of fiduciary and non-fiduciary services provided to a client depends on the agreement entered into by the client and Shuster, but services may include any of the following:

- Investment manager search, recommendation, and/or selection
- Investment portfolio management
- Record Keeper search and analysis
- Independent fee negotiations with record keepers to include revenue requirements, participant directed fees, interest rates, and expense ratios
- Performance analysis and monitoring
- Plan design analysis and recommendation
- Investment policy statement development and monitoring
- QDIA selection
- Client and participant education
- Plan consolidation services
- Plan conversion facilitation
- Document review
- Vendor management/Issue resolution
- 115 Trust Administration

### C. Client Tailored Services and Client Imposed Restrictions

Shuster offers the same suite of services to all its clients. However, specific client investment strategies and their implementation are dependent upon the client’s current situation. Clients may impose restrictions in investing in certain securities or types of securities or may require a specific securities inclusion in a plan line up. If client-imposed restrictions prevent Shuster from properly servicing the client account, Shuster reserves the right to end the relationship or limit Shuster’s fiduciary responsibility as described in the client’s investment advisory agreement.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Shuster does not participate in any wrap fee programs as a portfolio manager.

## **E. Assets Under Management**

As of December 31, 2022, Shuster has \$4,313,473,640 in discretionary assets under management and \$69,641,341 in non-discretionary assets.

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

Shuster has a standard fee schedule that is based upon plan assets. However, we assess the scope of services to be provided to determine the fee to be charged. We normally charge a fee that encompasses the proposed range of services to be provided throughout a 12-month period. Fees related to defined contribution plan consulting and investment advisory services are benchmarked against a national database of industry norms based on plan size and services provided. Fees can also be charged on an a-la-carte/fee for service basis. All our fees are negotiable.

Consideration of the following factors is made to determine the fee charged.

- Plan assets
- Range of services required
- Location/client travel requirements
- Plan design
- Meeting requirements

We may adjust our fees periodically to account for inflation or to cover the cost of services that fall outside our standard scope of services. Fees will not be adjusted without advance notice and written acceptance by the client. Travel expenses and other out-of-pocket costs (if applicable) may be billed to the client separately, as detailed in the client agreement. Lower fees for comparable services may be available from other sources.

## **B. Payment of Fees**

Fees may be charged as a percentage of assets or as a flat fee. Generally, fees are billed monthly or quarterly in arrears, hereby known as the "Billing Period." The billed fee and frequency are stated in the Investment Advisory Agreement.

For purposes of determining and calculating the fee as a percentage of assets, plan assets are valued net of Excluded Assets as of the last day of the Billing Period, unless otherwise indicated. Initial fees billed will be the amount, prorated for the number of days remaining in the initial Billing Period. Thereafter, fees will be billed at the end of each calendar month/quarter. Termination fees billed will be the amount, prorated for the number of days remaining in the last Billing Period, prior to the effective date of termination.

Clients may choose to pay for our services via deduction from plan assets (deduction made by record-keeper/custodian then paid to Shuster) and/or direct payment to Shuster for fees incurred on a case-by-case basis pursuant to client agreement.

## C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Shuster and will be disclosed in fund prospectuses and/or third-party provider service agreements. Shuster does not receive any portion of these fees. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## D. Prepayment of Fees

Shuster collects its fees in arrears. It does not collect fees in advance.

## E. Outside Compensation for the Sale of Securities to Clients

Shuster does not accept compensation for the sale of securities or other investment products. However, some supervised persons (“supervised persons”) will accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds in their separate and distinct role as a registered representative of a broker-dealer, investment advisor representative of other registered investment advisors, and/or as an insurance agent. This compensation is not for services provided by Shuster but is disclosed here for information only. See Item 10 for information concerning other financial industry affiliations.

Clients always have the option to purchase recommended products by Supervised Persons through other brokers or agents that are not affiliated with Shuster.

Shuster advisory fees are separate and distinct and are not reduced to offset the commissions or markups on securities or investment products recommended to clients by Supervised Persons.

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

Shuster does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

Shuster provides consulting services to the following types of clients:

- Pension and Profit-Sharing Plans
- State and Municipal Governmental Entities
- School Districts and Higher Education Institutions
- Not-For-Profit Organizations

### ***Minimum Account Size***

There is no account minimum for any of Shuster’s services.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

Shuster's methods of investment analysis include a thorough analysis of historical performance, manager activity, manager fees, revenue sharing, and internal investment redundancy. Both quantitative and qualitative factors are used in evaluating fund managers and their investment strategies. Sources used to perform investment analysis include financial periodicals, corporate reports, prospectuses, and multiple outside independent research providers.

One of our primary sources of analysis is the use of the Retirement Plan Advisory Group Scorecard System Methodology™ which is built around pass/fail criteria, on a scale of 0 to 10, with 10 being the best. The System has the ability to measure Active, Passive, and Asset Allocation investing strategies. The fund's scoring incorporates modern portfolio theory statistics, quadratic optimization analysis, peer group rankings, manager tenure, expense ratios in relation to the average fund expense in that asset class category, and the fund's strength of statistics, among other quantitative and qualitative factors.

We also utilize Morningstar which assigns a 1 to 5 star ranking to each fund based on past performance relative to peer funds. Star ratings are graded on a curve; the top 10% of funds receive 5 stars, the next 22.5% receive 4 stars, the middle 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% get one star. Each fund receives separate ratings for 3-, 5-, and 10-year periods, which it combines into an overall rating. Morningstar doesn't offer an abstract rating for any fund; everything is relative, and risk adjusted. All funds are compared to their peers, and all returns are measured against the level of risk that portfolio managers had to assume to generate those returns. Morningstar is also steeped in modern portfolio theory, investment philosophy centered around minimizing risk and maximizing expected returns by strategically diversifying assets.

Another source of analysis is the use of Fi360 Fiduciary Score® Methodology which is a peer percentile ranking of an investment against a set of quantitative due diligence criteria such as regulatory oversight, minimum track record, stability of the organization, assets in the investment, composition consistency with asset class, style consistency, expense ratio/fees relative to peers, risk-adjusted performance, and performance relative to peers. A score of 0 is most favorable as it represents that an investment meets or exceeds all Fi360's due diligence thresholds, with a score of 100 being least favorable. Years since inception, the fi360 Fiduciary Score® Average is a 1-, 3-, 5-, or 10-year rolling average of an investment's Fi360 Fiduciary Score®, calculated monthly.

Lastly, we utilize Riskalyze, a tool that allows us to ask our clients a list of questions related to financial risk, which then assigns a number based on those answers. In addition to quantifying risk into a single number, the Riskalyze program also allows us to perform stress tests on a portfolio using a wide range of scenarios, such as a market crash or jump in interest rates. The stress testing tool allows clients to see where they are vulnerable in their portfolios and how they can mitigate these risks.

#### *Investment Strategies*

Shuster is committed to providing our clients with comprehensive portfolios that meet the objectives of the client and plan participants. After interviewing and obtaining relevant information from our clients, Shuster assists in developing an Investment Policy Statement ("IPS") or similar investment groundwork.



Working within the guidelines of the IPS for participant directed retirement plans, Shuster recommends sufficient investment options (generally mutual funds and ETFs) so that plan participants can construct diversified portfolios with different levels of risk. Although not creating individual plan participant portfolios, Shuster's investment strategy relies on modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize expected portfolio return for a given amount of market risk, or equivalently minimize market risk for a given level of expected return, each by carefully choosing the proportions of various asset. Shuster recommends a long-term investment strategy.

When managing an investment portfolio within the IPS guidelines for a Defined Benefit or Section 115 OPEB or Pension Pre-stabilization Trust, specific asset classes weightings in each strategy are based on the interplay between credit risk, interest rate risk, and equity risk. Credit spreads are analyzed against historic levels and allocations are made based on relative valuations. Monetary policy and interest rate projections are used to optimally allocate amongst fixed income investments, and to overweight or underweight fixed income versus our overall equity portfolio allocation. Interest rate risk is factored into our portfolios to provide a cushion in the event of extreme economic deterioration and equity market declines. Equity allocations are determined by the relative values of each equity asset class.

## **B. Material Risks Involved**

Clients should be aware that there is a material risk of loss using any investment strategy. The investments recommended by Shuster are not guaranteed or insured by Shuster, the FDIC, or any other government agency.

Shuster's investment and portfolio selections may perform differently than expected because of, among other things, the factors used in performing the analysis, the weight placed on each factor, and changes from the factors' historical trends. Past performance does not guarantee future results.

Our long-term investment strategy is designed to capture market rates of both return and risk. Due to its nature, our long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, exchange rate risk, market risk, and political/regulatory risk.

Investing in mutual funds carry the risk of capital loss and thus, you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be Money Market Funds, funds that consist of short term debt instruments like government Treasury Bills; Income Funds, providing current income on a steady basis; Bond Funds, investing in various types of Bonds; Balanced Funds, designed to provide both income and capital appreciation; Equity Funds, funds that invest in stocks; Global and International Funds, investing in assets outside of the United States; Specialty Funds, such as Sector or Regional Funds; Index Funds, passively managed funds that seek to replicate an Index; Exchange Traded Funds (ETFs), a pooled investment vehicle that are structured into Trusts that can be bought and sold like securities; Private Equity Funds, partnerships that buy and manage companies before selling them; and Private Debt Funds, partnerships lend money to companies.

Although fixed income funds generally contain investments paying a return on a fixed schedule, there is still a risk involved in these investments. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value,

albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described above.

Investing in Exchange Traded Funds (“ETFs”) carries the risk of capital loss and thus, you may lose money investing in ETFs. All ETFs have costs that lower investment returns. ETFs may be more volatile than the underlying portfolio of securities the ETF is designed to track or may drift from the portfolio they are seeking to track.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Some representatives of Shuster are registered representatives of Equitable Advisors, LLC, an unaffiliated broker/dealer. These individuals, in their separate capacity, may accept compensation for the sale of securities.

Any investment advice provided by Shuster is independent of Equitable Advisors, LLC. Equitable Advisors, LLC is not acting as an ERISA fiduciary for your plan/account, and neither provides, oversees nor monitors (i) any investment advice you may receive from Shuster or (ii) the compliance of Shuster with applicable law including but not limited to ERISA fiduciary standards and prohibited transaction rules.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Shuster nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Some representatives of Shuster are registered representatives of Equitable Advisors, LLC and from time to time, will offer clients advice or products in their role as a registered representative of Equitable Advisors, LLC. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Shuster always acts in the best interest of the client, with respect to the sale of commissionable products to advisory clients. Clients are not required to implement the plan through any representative of Shuster in such individual's capacity as a registered representative.

Some representatives of Shuster are investment adviser representative of Equitable Advisors, LLC, KOBO Wealth Conservancy, LLC, KOBO Retirement Strategies, LLC, and/or Pan Pacific Partners, LLC, and from time to time, will offer clients advice or products from these activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside investment advisory firms. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. Shuster always acts in the best interest of the client and clients are under no obligation to use the services of any representative of Shuster in connection with such individual's activities outside of Shuster.

Some representatives of Shuster are insurance agents with Equitable Network and/or Shuster Financial and Insurance Services, Inc., and from time to time will offer clients advice or products from these activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside activities. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. Shuster always acts in the best interest of the client and clients are under no obligation to use the services of any representative of Shuster in connection with such individual's activities outside of Shuster.

Shuster is affiliated with KOBO Retirement Strategies, LLC and Shuster Financial & Insurance Services, Inc. and may share client expenses related to common clients. In addition to the conflicts described above regarding an individual's incentive to recommend the services of these companies, Shuster has an incentive to refer clients to its affiliated companies. Clients are under no obligation to use the services of any of Shuster's affiliated companies.

We believe that all material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

If requested by our clients, Shuster may recommend third-party investment advisers to provide portfolio management services. In some cases, Shuster or its owner or representative may recommend a third-party investment advisor that is affiliated through common ownership, or our representatives are dually registered as representatives of the third-party investment advisor. In these cases, we or our representatives may receive additional compensation from these third-party investment advisors which will be disclosed in the advisory agreement if applicable. This compensation creates a financial incentive to recommend an affiliated third-party investment advisor. This financial incentive creates a conflict of interest and gives our supervised person an incentive to recommend products based on the compensation received rather than on the client's needs.

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

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

Shuster has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Shuster's Code of Ethics is available upon request to any client or prospective client, free of charge.

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

Shuster does not recommend that clients buy or sell any security in which a related person to Shuster or Shuster has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of Shuster may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Shuster to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting from the recommendations they provide to clients.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of Shuster may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Shuster to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients.

Such transactions may create a conflict of interest; however, Shuster will never engage in trading that operates to the client's disadvantage. If representatives of Shuster desire to buy or sell securities at or around the same time as clients, all transaction conducted by representatives of Shuster will occur after the trading of clients on any given day.

To address the potential conflicts of interest, we review the personal securities transactions of our Investment Advisor Representatives to assure our clients' interests are always held foremost.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Ultimately, our clients direct the custodian/broker-dealer used to execute transactions. However, Shuster will recommend custodians/broker-dealers based on several factors including but not limited to, transaction costs,

record-keeping fees, fixed interest rates, financial stability of custodian/broker-dealer, quality of client servicing, and quality of overall execution services. Clients will not necessarily pay the lowest commission or commission equivalent.

**1. Research and Other Soft-Dollar Benefits**

Shuster receives no research, product, or services from a broker-dealer (“soft dollar benefits”).

**2. Brokerage for Client Referrals**

Shuster receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

**B. Aggregating (Block) Trading for Multiple Client Accounts**

Shuster does not aggregate the purchase or sale of securities for various client accounts.

**Item 13: Review of Accounts**

**A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Shuster will review the investment options within a plan or managed portfolio according to the plan’s Investment Policy Statement (“IPS”) and/or Investment Advisory Agreement (“IAA”). Such reviews will generally occur quarterly but no less than once on an annual basis. All reviews are overseen by our Chief Investment Officer with specific task related to a review delegated to other supervised persons.

**B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes to the financial situation/needs of the retirement plan and/or plan sponsor.

**C. Content and Frequency of Regular Reports Provided to Clients**

Each client of Shuster will receive periodic reporting detailing the client’s account no less than once annually, including assets held, asset value, and calculation of fees. This written report will be generated by Shuster and may include reporting provided by the record-keeper or custodian.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Shuster has not entered into any agreement where we will receive a referral fee or other economic benefit from any third party for advice rendered to Shuster’s clients. However, because of common ownership interests between the owners of Shuster and other entities, there will be an economic benefit if one of the other entities

provides additional services for a client of Shuster. Please refer to Item 10 for a discussion and disclosure of these entities.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

In a limited number of instances, Shuster will compensate individuals or companies for client referrals. All clients will be informed in writing of any referral compensation arrangements prior to entering into any agreement with Shuster. Shuster will not charge an advisory fee that is different from our customary charge when a client is referred to us. Clients will not directly or indirectly bear the cost of the above referenced compensation.

## **Item 15: Custody**

Shuster does not maintain custody of client funds and/or securities. Therefore, clients will receive their monthly and/or quarterly account statements directly from the designated record keeper or other qualified custodian. Clients should carefully review those statements for accuracy. In the event clients also receive account statements from Shuster, clients are encouraged to compare account statements with those received from the record keeper and report any discrepancies immediately.

## **Item 16: Investment Discretion**

Upon entering into a 3(38) agreement with a client, Shuster will manage client assets on a limited discretionary basis. Specifically, Shuster will have discretion to select and change investment options in plans and investments in managed portfolios. Clients may limit discretion further by insisting on the inclusion or exclusion of specific securities or security types from a plan lineup. As discussed in Item 4:C above, any client-imposed restrictions may limit Shuster's fiduciary responsibility as described in the client's investment advisory agreement.

## **Item 17: Voting Client Securities (Proxy Voting)**

Shuster will not ask for but may accept voting authority for client securities at client's request on a case-by-case basis. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Shuster neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Shuster has more than adequate revenue compared to expenses to meet contractual commitments to clients.

## **C. Bankruptcy Petitions in Previous Ten Years**

Shuster has not been the subject of a bankruptcy petition in the last ten years.