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# SERVANT CAPITAL ADVISORS

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**Form ADV**  
**Part 2A**  
**Firm Brochure**  
June 30, 2023

**Servant Capital Advisors, LLC**  
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This brochure provides information about the qualifications and business practices of Servant Capital Advisors, LLC. 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. If you have any questions about the contents of this brochure, please contact us by email at [info@servantcap.com](mailto:info@servantcap.com) or by telephone at 317-258-7815.

Additional information about Servant Capital Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

Servant Capital Advisors, LLC (“SCA”) reviews and updates its brochure at least annually to ensure that it remains current. The purpose of this section is to inform clients of any material changes since the latest annual update of this brochure on January 28, 2023.

Item 5 has been updated to reflect an increase in the fee schedule for Investment Advisory Services as of June 30, 2023.

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## **ITEM 4 – ADVISORY BUSINESS**

### **Firm Description**

Founded in 2018, Servant Capital Advisors, LLC (“SCA” or “the Firm”) provides investment advisory services, wealth management services, and family office services to high net worth individuals and families seeking a differentiated approach to maximize their wealth. SCA is a fee-only, independent, registered investment adviser that offers customized wealth management and personalized investment advice for a flat fee.

The Firm advises on all asset classes: bonds, stocks, real estate and alternatives on a global basis including US and international developed and emerging markets. SCA advocates a value investing approach with a long-term investment horizon. The Firm educates clients to minimize fees and taxes and to develop a patient approach to investing with a margin of safety to reduce the risk of loss and to maximize long-term capital appreciation.

SCA is a registered investment adviser with the State of Indiana (CRD #298764). The Firm’s website may be found at [www.servantcap.com](http://www.servantcap.com).

### **Principal Owner**

Phil Funk is the principal owner and sole member of Servant Capital Advisors, LLC.

### **Types of Advisory Services Offered**

SCA provides investment advisory services, wealth management services, and family office services to high net worth individuals and families. The services are tailored to meet each client’s specific needs. All new client relationships begin with personal discussions and data gathering which allow SCA to evaluate a client’s goals, stage in life, financial resources, tax situation, and capacity and tolerance for risk. SCA and the client then discuss which of the Firm’s three suites of services is most appropriate for the client: (1) Investment Advisory Services, (2) Wealth Management Services, or (3) Family Office Services.

### **Investment Advisory Services**

Investment Advisory Services include financial planning, retirement planning, investor education, asset allocation, discussion of basic tax strategies, ongoing portfolio management, access to institutional funds, periodic portfolio review, “on call” advisor availability, and a quarterly investor letter. Investment Advisory Services begin with the development of a customized Financial Plan and an initial Asset Allocation Plan. The Financial Plan summarizes the client’s current savings and expenses, retirement goals, other savings goals and discretionary wealth. The initial Asset Allocation Plan is designed to achieve the client’s retirement and other financial goals and maximize long-term discretionary wealth based on the client’s savings rate and tolerance for risk. SCA then manages the client’s investment portfolio based on these plans and updates the plans in consultation with the client as needed over time.

## **Wealth Management Services**

Wealth Management Services include multi-generational wealth planning, retirement planning, investor education, asset allocation, trustee services, discussion of advanced tax strategies, ongoing portfolio management, access to institutional funds, periodic portfolio review, “on call” advisor availability, customized investor reporting, and a quarterly investor letter.

## **Family Office Services**

Family Office Services include the full suite of Wealth Management Services plus family governance and multi-generational wealth education, and philanthropic planning and management services. Also, the investment management services are enhanced to include advice on individual security selection and direct investment opportunities. Family Office Services are designed for clients with net worth in excess of \$20 million.

## **Types of Investments**

Investments may include equities, exchange-traded funds (“ETFs”), investment company securities (variable life insurance and mutual funds shares), corporate debt securities, commercial paper, certificates of deposit, municipal securities, government securities, derivatives, alternative investments (private equity funds and hedge funds), and interests in partnerships. Investments may be US-based or international in developed and emerging markets.

Client assets are typically invested in no-load mutual funds, ETFs, and individual stocks and bonds, usually through mutual fund companies and discount brokers. Mutual fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokers may charge a transaction fee for the purchase of some mutual funds and may charge a fee for stock, ETF and bond trades. SCA does not receive any compensation, in any form, from fund companies.

SCA does not invest in wrap fee programs or manage assets for any wrap fee accounts.

## **Assets Under Management**

As of December 31, 2021, SCA has \$69,217,400 of client assets under management. \$45,577,800 is managed on a discretionary basis and \$23,639,600 is managed on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Fee Schedule**

#### **Investment Advisory Services**

SCA charges a flat annual fee, paid quarterly in arrears, and based approximately on the total time and cost required to service an account on an annual basis. The flat fee for Investment Advisory Services is \$5,000 per year, or \$1,250 per quarter. SCA charges a flat fee that does not increase just because a client's assets grow. SCA, in its sole discretion, may charge a lower fee to certain clients for Investment Advisory Services.

#### **Wealth Management Services**

SCA charges a flat annual fee, paid quarterly in arrears, and based approximately on the total time and cost required to service an account on an annual basis. The flat fee for Wealth Management Services is \$10,000 per year, or \$2,500 per quarter. SCA charges a flat fee that does not increase just because a client's assets grow. SCA, in its sole discretion, may charge a lower fee to certain clients for Wealth Management Services.

SCA offers customized wealth management and personalized investment advice for a low, flat fee that is based on the Firm's cost to provide these services to its clients. In return, SCA asks all clients to pledge that once they meet their financial goals (i.e., saving for retirement and children's education) they will donate 10% of all excess investment profits each year to charities of their choosing. The Firm believes this will allow SCA, through its wealth management and investment advisory services, to indirectly create a far greater philanthropic impact than it could ever hope to accomplish on its own.

#### **Family Office Services**

SCA negotiates fees for Family Office Services with each individual client on a case-by-case basis. The fee is typically a monthly retainer based on the total time and cost required to service the client's account.

#### **Other Services**

Upon request, SCA may provide other financial consulting services to individual clients. The Firm charges an hourly rate of \$300 per hour for additional services.

### **Billing Method**

#### **Investment Advisory and Wealth Management Services**

Fees for Investment Advisory and Wealth Management Services are billed quarterly, in arrears, meaning SCA invoices the client at the beginning of each quarter for the prior three-month billing period. Payment in full is expected upon invoice presentation.

Payment of fees to SCA may be made either directly by the client or by the custodian holding the client's funds and securities. Client invoices are sent upon request, along with the client's quarterly statement of holdings, on or about the 10<sup>th</sup> business day of the month following the end of the calendar quarter.

It is up to the client whether they wish to have SCA's advisory fees withdrawn directly from their custodian account or pay the fees separately. With client authorization, SCA will submit an invoice to the custodian and to the client. The client can authorize the custodian to pay SCA's advisory fees. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the custodian to pay SCA's advisory fees directly from the client's account. Alternatively, clients may choose to pay SCA's advisory fees directly.

### **Family Office Services**

Fees for Family Office Services are billed monthly in arrears, meaning SCA invoices the client at the end of each month. Payment in full is expected upon invoice presentation and is to be made directly by the client.

### **Other Services**

SCA invoices fees for other financial consulting services at the time the project is completed. For projects extending beyond 30 days, fees will be calculated and billed on a monthly basis until such time as the project has been completed. A final bill will be sent to the client at that time.

### **Other Fees and Expenses**

All fees paid to SCA for Investment Advisory, Wealth Management and Family Office Services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee.

Clients may incur transaction fees or commissions in connection with trading of mutual funds, ETFs, individual stocks and bonds and/or principal mark-ups and mark-downs for principal trades, which are charged by the custodian or brokerage firm holding the client's assets for safekeeping. See also Item 12 regarding Brokerage Practices. Accordingly, clients should review both the fees charged by the funds, the transaction fees charged by the custodian or brokerage firm, as well as the fees charged by SCA, to fully understand the total amount of fees and costs paid by the client in connection with any recommended transaction.



## Termination

### Investment Advisory and Wealth Management Services

All Investment Advisory and Wealth Management Services are continuous but may be terminated by either party at any time. Fees will be prorated to the date of termination and any unearned portion will be refunded. Distribution of account assets or funds may be delayed until such time as outstanding transactions have settled. Should a client also terminate their custodial arrangement, the custodian reserves the right to withhold a reasonable amount of funds until such time as all outstanding charges have been paid.

### Family Office and Other Services

All Family Office Services and other financial consulting services may be terminated by either party at any time. SCA will calculate the fees and expenses incurred through the termination date and will provide a final invoice for those amounts within 10 business days of the termination date.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SCA does not charge performance-based fees nor does the Firm participate in any other way in client gains and losses.

## ITEM 7 – TYPES OF CLIENTS

SCA provides investment advisory and wealth management services primarily to high net worth individuals and families. SCA also may provide investment advisory services to individuals, trusts, foundations, charitable organizations, partnerships and business entities.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

SCA practices a value investing approach with a long-term investment horizon. Accordingly, the Firm focuses on fundamental analysis. SCA employs two types of fundamental analysis: top-down for asset allocation recommendations and bottom-up for individual security selection recommendations.

Top-down fundamental analysis focuses on (1) macroeconomic factors: GDP growth, monetary policy, availability of credit, fiscal policy, inflation, and interest rates; and (2) key valuation metrics and financial ratios: Price/Earnings (“P/E”) Ratio, Price/Book Value Ratio, Profitability Ratio, and Dividend Yield for stocks, and Current Yield and Yield to Maturity (“YTM”) for bonds. This information is used to determine the most appropriate asset allocation strategy for a client in a particular market environment given that client’s tolerance for risk. Sources of information for top-down fundamental analysis include websites containing general financial, economic,

and market information; financial newspapers; academic white papers; journals, periodicals, and newsletters; and third-party research.

Bottom-up fundamental analysis for individual security selection focuses on analyzing individual companies and their financial statements, plus industry information and research to create internal and proprietary models. SCA uses this fundamental analysis to develop estimates of intrinsic value for securities. Estimates of future earnings, cash flow, dividends, growth rates and asset value are all considered in developing a range for intrinsic value. Estimates of intrinsic value are then compared to prevailing market prices. SCA recommends buying individual stocks, bonds, and other securities when their market prices are below intrinsic value, creating a margin of safety. SCA utilizes a variety of sources of information for its bottom-up fundamental analysis including Bloomberg, financial statements, publicly available filings, other issuer-prepared communications, and third-party research.

## Investment Strategies

SCA believes strategic asset allocation is the primary determinant of long-term absolute returns of clients' portfolios. Accordingly, the Firm begins each new client relationship by developing an initial Asset Allocation Plan. The Asset Allocation Plan is designed to achieve the client's retirement and other financial goals and maximize long-term discretionary wealth based on the client's savings rate and tolerance for risk. SCA then manages the client's investment portfolio based on these plans and updates the plans in consultation with the client as needed over time.

SCA's recommended asset allocation is based on the Firm's investment philosophy. The core tenets of SCA's investment philosophy are as follows:

- **Value Investing** – SCA buys when prices are below intrinsic value to create a margin of safety. The Firm uses fundamental analysis to determine intrinsic value.
- **Long-term Horizon** – SCA is investing to create wealth that will last generations. Over the long run, stocks outperform bonds, so the Firm advises a higher than typical allocation to stocks. SCA is a buy-and-hold investor. Because the Firm is focused on the long run, it does not pay much attention to daily or weekly fluctuations in the market, except when they present buying opportunities.
- **Diversified Across Asset Classes** – SCA has experience investing up and down the capital structure in loans, bonds, equities and in real estate, alternatives and direct investments. SCA invests on a global basis both domestically and in international developed and emerging markets seeking the best risk-adjusted returns.
- **Risk Means Risk of Principal Loss** – Modern portfolio theory defines risk as the standard deviation from the average return. SCA's view is different: risk means actual risk of principal loss, not fluctuations in stock prices on a year-to-year basis.
- **Contrarian** – SCA's response to swings in the market often means the Firm is buying when others are selling. And the Firm is waiting patiently when others are buying.

Contrary to popular belief, when prices go down, expected return goes up. And when prices rise, risk of loss rises, too.

- **Unbiased** – SCA studies behavioral finance and seeks to identify and eliminate the cognitive biases of most investors: loss aversion, overconfidence, and anchoring, among others. SCA aims to see things differently and hold firm to its value convictions.
- **Fees & Taxes** – SCA’s goal is to minimize fees and taxes. The Firm charges a flat quarterly fee for investment advisory services. SCA recommends mutual fund families and ETF providers with the some of the lowest fees in the industry. The Firm educates clients about opportunities for reducing taxes.
- **Serving Others** – SCA offers customized wealth management and personalized investment advice for a flat fee that is based on the Firm’s cost to provide these services to clients. In return, the Firm asks all clients to pledge that once they meet their financial planning goals (i.e., saving for retirement and children’s education) they will donate 10% of all excess investment profits each year to charities of their choosing. SCA believes this will allow the Firm, through its wealth management and investment advisory services, to indirectly create a far greater philanthropic impact than it could ever hope to accomplish on its own.

SCA’s investment strategies are based on the Firm’s view that most markets are generally efficient, meaning they are excellent disseminators of information quickly to all market participants and in the long run they are efficient conduits for companies to pass adequate returns to their investors in accordance with the risks that they bear. However, SCA does not subscribe to the strong or semi-strong versions of the efficient market hypothesis because the Firm believes that in the short run many market participants are not rational, and in the long run:

- Value stocks outperform growth stocks
- Small cap stocks outperform large cap stocks
- High profitability stocks outperform low profitability stocks
- A very small number of highly skilled and patient value investors can outperform the market

SCA’s investment strategies typically involve no-load mutual funds, ETFs and individual stocks and bonds, usually purchased through mutual fund companies and discount brokers. Investment strategies may also include certificates of deposit, municipal securities, variable life insurance, government securities, derivatives, alternative investments (private equity funds and hedge funds), and interests in partnerships. Investment strategies incorporate US securities and international securities in developed and emerging markets.

A client’s pre-existing investments are evaluated in light of the initial Asset Allocation Plan. SCA works with clients to develop a plan to transition from the pre-existing portfolio to the target portfolio while minimizing taxes. Investment advice may be offered on any investments held by a client at the start of the advisory relationship.

## Investment Risks

Investing in securities involves a risk of loss that clients should be prepared to bear. Clients are advised that there are no guarantees as to performance. Past performance is not indicative of future results. Clients who implement SCA's recommended investment strategies should be aware of risks including, but not limited to:

**Market Risk** – The price of any security or the value of an entire asset class can decline for a variety of reasons outside of SCA's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a client has a high allocation in a particular asset class, it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that client to underperform relative to the overall market.

**Advisory Risk** – There is no guarantee that SCA's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. SCA and its representatives are not responsible to any client for losses unless caused by SCA breaching its fiduciary duty.

**Liquidity and Valuation Risk** – High volatility and/or the lack of deep and active liquid markets for a security may prevent a client from selling their securities at all, or at an advantageous time or price, or they may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios.

**Credit Risk** – SCA cannot control and clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker-dealer, notwithstanding asset segregation and insurance requirements that are beneficial to broker-dealer clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of client securities. Also, any issuer of securities may experience a credit event that could impair the value of the issuer's securities held by a client.

**Legislative and Tax Risk** – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser, financial advisor or securities trading regulation; change in the US government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.

**Foreign Investing and Emerging Markets Risk** – Foreign investing involves risks not typically associated with US investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the US, such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than US accounting practices and foreign regulation may be inadequate or irregular.

**Inflation, Currency, and Interest Rate Risks** – Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor’s future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments and other securities to decline.

## **ITEM 9 – DISCIPLINARY INFORMATION**

### **Legal and Disciplinary**

SCA is required to disclose all material facts regarding any legal or disciplinary events of the Firm or management personnel which would be material to a client’s evaluation of SCA or the Firm’s integrity in management of client investment portfolios.

SCA does not have any material legal, financial, regulatory, or other disciplinary item to report.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

SCA’s founder and Principal, Phil Funk, is also the founder, principal owner and sole member of Servant Capital, LLC, a single family office based in Carmel, Indiana. Servant Capital makes direct investments in small and medium-sized businesses, real estate and other ventures. Its mission is to provide long-term capital and institutional investment expertise to partner with exceptional owners and operators to create value. Its goal is to maximize funds available to engage in philanthropy through impactful charitable contributions.

This relationship could create a conflict of interest for SCA’s clients in two ways. First, Mr. Funk could devote more time to Servant Capital’s activities, leaving insufficient time to properly carry out his responsibilities for SCA. Mr. Funk currently splits his time between the two companies in a way that SCA believes is satisfactory to its clients. Second, Servant Capital and SCA clients

could have investments in the same securities or partnerships which could create a conflict of interest. In the case of securities, as Mr. Funk is the principal owner and sole member of Servant Capital and is in charge of its investments, Servant Capital is subject to the same personal securities trading policy as Mr. Funk as detailed in SCA's Code of Ethics (see Item 11). If the shared investment is a partnership, as might occur for direct investment opportunities offered to SCA's clients, then Servant Capital and SCA's clients would be limited partners in those investments and their relationships with each other would be set forth in the respective partnership agreements. Finally, in the event that an SCA client is on the opposite side of a transaction from Servant Capital (e.g., an SCA client buying a property from Servant Capital), SCA would identify the conflict of interest, would not advise the client on such a transaction, and would recommend that the client seek advice from a disinterested third party.

Aside from this disclosure, SCA and its management persons presently have no affiliation or material relationships with any other related financial industry participants.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

SCA strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, SCA has adopted a Code of Ethics (the "Code of Ethics"). The following set of principles from the Code of Ethics frames the professional and ethical conduct that the Firm expects from its personnel:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients and the interests of SCA above one's own personal interests;
- Identify and manage conflicts of interest;
- Conduct all personal securities transactions in a manner consistent with the personal securities trading policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Devote sufficient time and attention to the proper execution of one's professional responsibilities;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals; and

- Comply with applicable provisions of the federal securities laws.

A written copy of the Code of Ethics will be made available to any client or prospective client upon request.

### **Participation in Client Transactions**

Neither SCA nor any persons associated with the Firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this firm brochure.

### **Personal Trading**

SCA or persons associated with the Firm may buy or sell the same securities recommended to clients or securities in which clients are already invested. A conflict of interest exists in such cases because SCA has the ability to trade ahead of clients and potentially receive more favorable prices than clients will receive. To mitigate this conflict of interest, it is SCA's policy that neither the Firm nor persons associated with the Firm shall have priority over client accounts in the purchase or sale of securities. SCA may also combine its orders to purchase securities with client orders to purchase securities. Please refer to Item 12 Brokerage Practices for information on order aggregation practices.

## **ITEM 12 – BROKERAGE PRACTICES**

### **Factors Used to Select Custodians**

SCA does not have any affiliation with any custodian it recommends. Specific custodian recommendations are made to the Client based on their need for such services. SCA recommends custodians based on the reputation and services provided by the firm.

In recommending custodians, the Firm has an obligation to seek the "best execution" of transactions in Client accounts. The determining factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the custodian's services. The factors considered when evaluating a custodian for best execution include, without limitation, the custodian's:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);

- Availability of investment research and tools that assist us in making investment decisions
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, security and stability;
- Prior service to us and our clients.

## **Recommended Brokerage Firms**

SCA recommends two brokerage firms to Clients: Charles Schwab & Co. and TD Ameritrade.

### **Charles Schwab & Co.**

Charles Schwab & Co., Inc., a registered broker-dealer, member FINRA and SIPC (“Schwab”). Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like SCA. Schwab provides clients and SCA with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers.

### **TD Ameritrade**

SCA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services which include custody of securities, trade execution, clearance, and settlement of transactions. These services generally are available to independent investment advisers on an unsolicited basis and at no charge to them. However, not all independent investment advisers recommend their clients to utilize particular custodians.

SCA believes that the recommended custodians provide quality execution services for clients at competitive prices. Price is not the sole factor considered in evaluating best execution. SCA also considers the quality of the brokerage services provided by the custodians, including the value of the custodian's reputation, execution capabilities, commission rates, and responsiveness to SCA’s clients and the Firm. In recognition of the value of the services the custodian provides, clients may pay higher commissions and/or trading costs than those that may be available elsewhere.

## **Research and Other Soft Dollar Benefits**

SCA does not have any soft-dollar arrangements with custodians whereby soft-dollar credits, used to purchase products and services, are earned directly in proportion to the amount of commissions paid by clients. However, as a result of being on their institutional platform, Schwab and TD Ameritrade may provide SCA with certain services and products that may



benefit the Firm. All such soft dollar benefits are consistent with the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **Economic Benefits**

There is no direct link between SCA's participation in the Schwab or TD Ameritrade Institutional program and the investment advice the Firm gives to its clients, although SCA receives economic benefits through its participation in the program that are typically not available to Schwab or TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and compliance, marketing, research, technology, and practice management products or services provided to SCA by third party vendors without cost or at a discount. The research products and tools are provided to all investment advisers that utilize the institutional platform and are not considered to be paid for with soft dollars. However, clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide these services might charge.

Some of the products and services made available by Schwab and TD Ameritrade through their programs may benefit SCA but may not benefit its client accounts. These products or services may assist SCA in managing and administering client accounts, including accounts not maintained at Schwab or TD Ameritrade. Other services made available by Schwab and TD Ameritrade are intended to help SCA manage and further develop its business enterprise. The benefits received by SCA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab or TD Ameritrade. As part of its fiduciary duty to clients, SCA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SCA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of Schwab or TD Ameritrade for custody and brokerage services. This conflict of interest is mitigated because SCA regularly reviews the factors used to select custodians to ensure its recommendations are appropriate.

### **Client Referrals**

SCA does not receive any compensation from brokers or custodians for client referrals.

## Directed Brokerage

In limited circumstances, and at SCA's discretion, some clients may instruct the Firm to use one or more particular brokers for the transactions in their accounts. If a client chooses to direct SCA to use a particular broker, the client should understand that this might prevent the Firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on the client's behalf. This practice may also prevent SCA from obtaining favorable net price and execution. Thus, when directing brokerage business, a client should consider whether the commission expenses, execution, clearance, and settlement capabilities that will be obtained through the client's broker are adequately favorable in comparison to those that SCA would otherwise obtain for the client.

## Order Aggregation

Many trades are in mutual funds where trade aggregation does not garner any client benefit. For other securities trades, where appropriate, as determined in SCA's sole discretion, the Firm may aggregate multiple orders for shares of the same securities purchased for the advisory accounts SCA manages. If a client's transaction orders are aggregated, the average price of the securities purchased or sold in such a transaction may be determined, and a client may be charged or credited, as the case may be, the average transaction price. As a result, the price may be either more or less favorable to the client than it would be if similar transactions were not being executed concurrently for other accounts.

## ITEM 13 – REVIEW OF CLIENT ACCOUNTS

### Ongoing Portfolio Reviews

Client portfolios are monitored on a quarterly basis and changes are made after consulting with the client. Rebalancing may be suggested as a part of the quarterly review and does not occur without the client's approval. In rebalancing actions, SCA will seek to rebalance one or more asset classes closer to the Asset Allocation Plan targets. SCA may decline to rebalance a specific asset class due to tax considerations or high transaction costs relative to the trade amount.

Additional portfolio reviews are undertaken upon request from individual clients, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. SCA will respond to such requests in a timely manner.

### Periodic Client Reviews

SCA's policy is to arrange a full Client Review on at least an annual basis. The Client Review may take place in person, by videoconference, or over the phone. The purpose of the Client Review is to review and update the Financial Plan, review and update the Asset Allocation Plan, and discuss performance of the client's investment portfolio over the preceding year.

## **Account Reporting**

SCA delivers a quarterly report to all clients including a quarterly investor letter plus asset allocation analysis, performance analysis, and position summary. Clients may also directly access account information online such as current account value, cash balances, cost basis, trade confirmations, monthly statements and tax forms via secure websites provided by the custodians where the accounts are held. Clients also receive monthly or quarterly statements directly from their custodians, either by email or regular mail. These statements reflect the assets in the accounts, together with confirmations of each transaction executed in the accounts.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

SCA does not compensate referring parties for referrals of new clients, nor does the Firm accept any form of remuneration from other professionals when a prospect or client is referred to them. SCA does not receive any form of commission or referral fees for any recommendations made regarding other professionals.

## **ITEM 15 – CUSTODY**

It is SCA's policy to not accept custody of client securities. In other words, the Firm is not granted access to client accounts to withdraw or transfer or otherwise move funds or cash from any client accounts to our accounts or the account of any third party, except in the case where the client has consented to authorize the custodian to pay SCA's advisory fees directly (as described in Item 5 Fees and Compensation – Billing Method).

SCA's ability to directly debit advisory fees from client accounts may cause the Firm to exercise a limited form of custody in certain jurisdictions. SCA does not have physical custody of any client funds and/or securities. Client funds and securities are held with a qualified custodian. Clients receive account statements from custodians at least quarterly. The account statements from custodians will indicate the amount of SCA's advisory fees deducted from client accounts each billing period. Clients should carefully review account statements for accuracy.

Clients will receive reports from both the custodian and from SCA. SCA urges clients to compare both statements to insure accurate reporting. There may be variances between the reports because of the timing in posting of dividends or interest. SCA requests that clients contact the Firm in the event they see any discrepancies or have any questions.

## **ITEM 16 – INVESTMENT DISCRETION**

SCA accepts limited forms of discretion over accounts, with client consent. A client's grant of discretion is evidenced in the Investment Advisory Agreement (or addendums thereto) signed by the client, and is further evidenced to the custodians through a limited power of attorney contained in the account establishment form signed by the client or a separate limited power of

attorney document signed by the client. Nearly all clients appoint SCA as the client's agent and attorney-in-fact with respect to undertaking trades in client accounts; the Firm's ability to enter trades electronically for clients often provides reduced transaction fees and other benefits to the client.

## **ITEM 17 – VOTING CLIENT SECURITIES**

As a matter of firm policy and practice, SCA does not accept authority to vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Generally, clients will receive their proxies or other solicitations directly from the custodian or transfer agent. However, clients may contact SCA with questions regarding a particular proxy or other solicitation, and SCA may provide advice to clients regarding voting of proxies or such solicitations, upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

SCA does not have any financial condition or impairment that would prevent the Firm from meeting its contractual commitments to its clients. SCA does not take physical custody of client funds or securities, does not require the prepayment of more than \$500 in fees six or more months in advance, and has never been the subject of a bankruptcy petition. Therefore, SCA is not required to include a financial statement with this firm brochure.

## **ITEM 19 – REQUIREMENTS FOR STATE REGISTERED ADVISERS**

See ADV Part 2B beginning on page 20 as well as Item 10 Other Financial Industry Activities. SCA does not have any other disclosures for this item.

## **ITEM 20 – ADDITIONAL INFORMATION**

### **Client Privacy**

SCA views protecting client private information as a top priority. Pursuant to applicable privacy requirements, SCA has instituted policies and procedures to ensure that the Firm keeps client personal information private and secure. SCA does not disclose any nonpublic personal information about clients to any non-affiliated third parties, except as required by law. In the course of servicing client accounts, SCA may share some information with service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys. We restrict internal access to nonpublic personal information about clients to employees who need that information in order to provide products or services to the client. SCA maintains physical and procedural safeguards that comply with regulatory standards to guard client nonpublic personal information and to ensure the Firm's integrity and confidentiality. SCA will not sell information about clients or client accounts to anyone. SCA does not share client information unless it is required to process a transaction, at a client's request, or required by law. Clients will receive a copy of SCA's privacy notice prior to or at the time of signing an advisory agreement with the Firm. Thereafter, SCA will deliver a copy of the current privacy

policy notice to clients on an annual basis. If a client decides to close its accounts, SCA will continue to adhere to its privacy policies, which may be amended from time to time. If the Firm makes any substantive changes in the privacy policy that would further permit or require disclosures of client private information, SCA will provide written notice to clients. When the change is based on permitted disclosures, clients will be given an opportunity to direct SCA as to whether such disclosure is acceptable. When the change is based on required disclosures, clients will only receive written notice of the change. Clients may not opt out of the required disclosures.

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# SERVANT CAPITAL ADVISORS

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**Form ADV  
Part 2B  
Brochure Supplement**  
January 28, 2023

**Phil Funk  
Founder & Principal  
Servant Capital Advisors, LLC**  
11 Municipal Drive, Suite 200  
Fishers, IN 46038  
317-258-7815  
[www.servantcap.com](http://www.servantcap.com)

This brochure provides information about Phil Funk that supplements the Servant Capital Advisors, LLC (“SCA”) brochure. You should have received a copy of that brochure. Please contact us by email at [info@servantcap.com](mailto:info@servantcap.com) or by telephone at 317-258-7815 if you did not receive SCA’s brochure or if you have any questions about the content of this supplement.

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

## ITEM 2 – EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

### **Phil Funk, CFP®**

Founder, Principal & Chief Compliance Officer

Year of birth: 1983

### **Educational Background**

MBA, Financial Analysis; Indiana University, 2006

BS, Finance & Accounting; Indiana University, 2005

Phil Funk is a CERTIFIED FINANCIAL PLANNER™ professional.

The CERTIFIED FINANCIAL PLANNER™ and CFP® marks (together, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and

- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Business Experience**

Prior to founding Servant Capital Advisors, LLC, Mr. Funk was a Principal at Centerbridge Partners, a hybrid private equity firm and hedge fund based in New York with \$25 billion in assets under management, from 2008 to 2017. At Centerbridge he invested in and served on the board of directors of companies ranging in size from \$100 million to \$500 million in revenues across a diverse set of industries including financial services, consumer products, industrials and real estate. Mr. Funk began his career in investment banking at Goldman, Sachs & Co.

### **ITEM 3 – DISCIPLINARY INFORMATION**

None

### **ITEM 4 – OTHER BUSINESS ACTIVITIES**

Phil Funk is also the founder of Servant Capital, LLC, a family office based in Carmel, Indiana. Servant Capital makes direct investments in small and medium-sized businesses, real estate and other ventures. Its mission is to provide long-term capital and institutional investment expertise to partner with exceptional owners and operators to create value. Its goal is to maximize funds available to engage in philanthropy through impactful charitable contributions. The potential conflicts of interest created by this activity are discussed in SCA’s Form ADV Part 2A Item 10.

### **ITEM 5 – ADDITIONAL COMPENSATION**

None

### **ITEM 6 – SUPERVISION**

Phil Funk leads all of SCA’s investment advisory and wealth management activities.

### **ITEM 7 – REQUIREMENTS FOR STATE REGISTERED ADVISERS**

None