

## **Champion Advisors LLC**

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This brochure provides information about the qualifications and business practices of Champion Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 281-822-0909 and/or ttucker@championadv.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 Champion Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

The last annual update of this brochure was in March 2023. There have been no material changes to our business since that update.

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## ADVISORY BUSINESS

### Advisory Firm Description

Champion Advisors LLC (the "Firm") has been in business since February 2009. Thomas E. Tucker is the owner of the Firm.

### Types of Advisory Services

#### Investment Management Services

The Firm provides direct investment supervisory and asset-management services for individual, accredited and institutional clients.

The Firm directly manages investment assets for individual and institutional clients with long-term capital appreciation and income objectives by utilizing various asset class funds. The Firm believes that the use of asset class investing will minimize investment risk by portfolio diversification according to sector, asset class, market capitalization and investment style. Clients' portfolios are customized to meet their unique risk characteristics and investment objectives.

The Firm contracts with other firms for administrative services in carrying out its duties, including trade processing, collection of management fees, record maintenance, report preparation and research services, and each client agrees to execute a limited power of attorney in favor of such firms as required for them to carry out those services. The Firm uses Buckingham Strategic Partners for such services. Each client acknowledges and agrees that the Firm shall and is hereby deemed to control all aspects of the services provided hereunder and Buckingham Strategic Partners shall not be liable for any breach of the agreement between the Firm and Buckingham Strategic Partners.

Buckingham Strategic Partners provides fixed income portfolio construction in addition to the services mentioned above. The Firm has also contracted with Buckingham Strategic Partners for sub-advisory services with respect to clients' fixed income accounts. For its services, Buckingham Strategic Partners charges the Firm a fee based on a percentage of clients' assets under management. The fee charged by the Firm to its clients includes all sub-advisory fees charged by Buckingham Strategic Partners.

### Tailored Advisory Services

Clients can impose restrictions on investing in certain securities by doing so in writing.

### Client Assets Under Management

As of December 31, 2022, the Firm had \$97,441,757 of discretionary assets under management.

## FEES AND COMPENSATION

The Firm does not maintain a standard fee schedule applicable to individual managed accounts. Fees are negotiated on a case-by-case basis based upon factors determined

by the Firm to be material including but not limited to account size and servicing requirements. Fees applicable to individual managed accounts can also be subject to change based on certain factors (e.g., account size) as described and agreed in advance pursuant to the investment advisory agreement between the Firm and its clients. Management fees will not exceed 1.0%.

Fees are computed and billed quarterly, in advance, and are based on the market value of the client's account on the last day of the month in the prior quarter. Fees will be prorated, on a monthly basis, with respect to new accounts opened during a quarter. Fees, which are deducted from clients' accounts, include accrued interest and pending trades.

Individual accounts for immediate family members (such as husband, wife, and dependent children) are aggregated, and the fee is charged based on the total value of all family members' accounts.

Fees are negotiable, depending upon the complexity of the account, the individual client's requirements for frequency of communication, potential future business, etc. Fees for the management of bonds and other fixed income instruments are negotiable and will vary according to the size and complexity of the account. Clients receiving the same service from the Firm can pay different fees. These asset management fees are separate from transaction, exchange, wire transfer, margin interest or account fees charged by the custodian. For more language on the custodian relationship, please refer to the section below "Brokerage Practices" for more details.

*Implementation with Mutual Funds:* Funds held pending investment can be invested in a money market fund, or funds can also be invested in mutual fund shares. When the Firm recommends a mutual fund for a client's account, three separate fees can be charged to the client, either directly or indirectly and are separate from the fee paid to the Firm. The first fee is the Firm's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any ETF or money market fund purchased in the client's account.) The third fee is a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by the Firm, which would also negatively affect the Firm's ability to deliver its services efficiently. Not all mutual fund or ETF trades enacted by the Firm incur this transaction fee. When recommending mutual funds for client portfolios, the Firm only recommends no-load funds.

## **Termination**

The Investment Advisory Agreement (the "Agreement") allows for termination by either party immediately upon receipt of written notice. The Agreement provides that the client can terminate the Agreement within five business days of its effective date without paying any fees or penalties to the Firm. If termination occurs after the first five days of

the Agreement, prepaid fees which have not been earned will be returned to the client on a prorated basis.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm does not charge any performance-based fees or engage in side-by-side management.

## **TYPES OF CLIENTS**

The Firm provides investment advisory services to:

- Individuals
- High net worth individuals
- Trusts or estates
- Foundations

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Investment advice is offered on any investments held by a client at the start of the advisory relationship. The primary vehicles recommended for investing are passively managed mutual funds and customized, laddered bond portfolios. The Firm generally only recommends investment grade bonds and monitors these securities for changes in rating.

The Firm recommends public real estate investment trusts (REITS) and commodities index funds for certain clients who desire to include real estate or commodities in their asset allocation strategy.

The Firm recommends alternative investments for certain clients who desire exposure to non-equity asset classes.

The Firm will also evaluate insurance products such as annuities and various types of life insurance products.

The Firm's security analysis is based on a number of factors including those derived from commercially available software technology, securities rating services, general market and financial information, due diligence reviews and specific investment analysis that clients request.

The Firm's investment advice is based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. The Firm's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions, not by market timing or stock selection. The Firm focuses on developing globally diversified portfolios, principally through the use of passively managed mutual funds that are available only to institutional investors and clients of a network of select investment advisors.

Although all investments involve risk, the Firm's investment recommendations seek to limit risk through broad global diversification and investment in high-quality fixed income securities. The Firm's investment philosophy is designed for investors who desire a buy and hold strategy, with an investment time horizon of a minimum of five years, and preferably longer. Frequent trading of securities increases transaction costs that the Firm's investment philosophy seeks to minimize for clients.

### **Risk of Loss**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, exchange traded funds (ETFs) and individual bonds), when sold or otherwise disposed of, could be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds could be less than the purchasing power of the original investment.

Some of the mutual funds and ETFs utilized by the Firm include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodity futures. Some equity securities include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in the Firm's investment strategies are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by the Firm contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks could be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses within each applicable sector. Alternative investments usually entail a higher risk than other investments, as they are not regulated. Investing in any security entails risk of loss which a client should be prepared to bear.

### **DISCIPLINARY INFORMATION**

There have been no disciplinary actions against the Firm or Mr. Tucker.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Mr. Tucker is licensed in Texas to sell term and permanent life insurance and fixed annuity contracts. Commissions on such products are regulated by the Texas Insurance Commission, are set by the insurance company selected by the client and are not negotiable. Clients are free to implement insurance recommendations elsewhere. Commissions are paid directly to Mr. Tucker.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

The Firm has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics will result in disciplinary sanctions, including termination with the Firm. Any client or prospective client can request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.



### *Misuse of Nonpublic Information*

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees cannot convey nonpublic information nor depend upon it in placing personal or recommending clients' securities trades.

### *Personal Securities Trading*

The Firm or individuals associated with the Firm can buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a better price than clients obtain. To mitigate this conflict, client trades are placed before employee trades unless placed at the same time as clients to receive the same pricing. Personal trades in mutual funds and alternative investments are placed on the same day as clients to ensure best execution for the client. The Firm does not allow front running.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

### *Outside Business Activities*

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

## **BROKERAGE PRACTICES**

### **Selection of Brokers**

Champion recommends that clients open accounts with either Fidelity Brokerage Services LLC or Charles Schwab & Co. Inc. and encourages the client to choose which he/she prefers. These firms are recommended due to their:

- Excellent reputation
- National presence
- Discounted commission structure
- Ability to provide services both to investment advisors and their clients
- Range of mutual funds available through each platform
- Financial stability

The Firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides the Firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist the Firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements);

(ii) provide research, pricing and other market data; (iii) facilitate payment of fees from its clients' accounts; and (iv) assist with back-office functions, recordkeeping and client reporting.

The Firm also participates in the Schwab Institutional (SI) services program offered to independent investment advisors by Charles Schwab & Company, Inc. ("Schwab"), a FINRA-registered broker-dealer.

As part of the SI program, the Firm receives benefits that it would not receive if it did not offer investment advice.

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

The Firm receives no cash benefit from any party in connection with its clients' accounts. The Firm receives access to certain custodians' proprietary account management and data transmission services to enable the Firm to trade clients' accounts electronically. Custodians of the Firm's clients' accounts also provide the Firm with educational and compliance material, such as newsletters and seminars.

Fidelity offers other services intended to help the Firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom the Firm can contract directly.

The Firm is independently operated and owned and is not affiliated with Fidelity or Schwab.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Schwab provides the Firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon the Firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that

are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For the Firm's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but will not directly benefit all of its clients' accounts. Many of these products and services will be used to service client accounts.

Schwab's products and services that assist the Firm in managing and administering clients' accounts include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide research, pricing and other market data
- Facilitate payment of the Firm's fees from its clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

Schwab Institutional also offers other services intended to help the Firm manage and further develop its business enterprise. These services include:

- Compliance, legal and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers

Schwab makes available, arranges and/or pays third-party vendors for the types of services rendered to the Firm: Schwab Institutional could discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to the Firm. Schwab Institutional also provides other benefits such as educational events or occasional business entertainment of Firm personnel. In evaluating whether to require that clients custody their assets at Schwab, the Firm takes into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **Brokerage for Client Referrals**

The Firm does not receive referrals from a broker-dealer or third party providing service to the Firm.

### **Directed Brokerage**

Clients do not direct the Firm to execute transactions through a specified broker-dealer.

### **Order Aggregation**

The Firm does not aggregate trades for its clients.

## **REVIEW OF ACCOUNTS**

Account reviews are conducted by Mr. Tucker, Chief Executive Officer and Chief Compliance Officer, on an on-going basis and prior to every client meeting. On at least an annual basis, the Firm meets with each client either in person or by telephone to review investment objectives, account performance and any relevant financial planning issues. All clients are responsible for notifying the Firm in writing of any material change in a client's risk tolerance, investment objective or financial situation.

The Firm provides quarterly written statements to clients indicating the performance of their accounts.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm does not pay outside individuals or entities for referring clients.

## **CUSTODY**

Custody is defined as having any access to client funds or securities. Because the Firm generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, the Firm is considered to have "custody" of client assets. This limited access is monitored by the client through receipt of account statements directly from the custodian, as mentioned below. Otherwise, the Firm only directs the movement of funds from one account in the client's name to another such titled account but has no other access to funds.

All clients are required to open accounts with a qualified custodian such as Fidelity or Schwab, which provide monthly and quarterly reports. The reports will detail all balances, income, dividends, securities transactions, holdings, all relevant prices and change in securities values and will provide money market account and fixed income data as well. In addition, all investment management fees deducted during the reporting period will be included in the periodic statements.

When clients receive their statements from the account custodian, clients should carefully review those statements and take the time to compare them with those they

receive from the Firm. If the client finds significant discrepancies, the custodian and the Firm should be notified.

The Firm has standing letters of authorization to third parties to withdraw client funds or securities maintained with a qualified custodian upon its instruction to the qualified custodian. According to the SEC, this means that the Firm has custody of those clients' assets and is required to comply with the Custody Rule. Because the SEC's seven conditions have been met, a surprise exam is not required.

## **INVESTMENT DISCRETION**

The Agreement that clients enter with the Firm provides that the client grants the Firm complete discretion (through limited power of attorney) to determine both the securities purchased and sold and the amounts of those purchases and sales. The Firm follows the investment strategy as set forth in the Agreement. Clients can place restrictions on the Firm's discretion in writing.

## **VOTING CLIENT SECURITIES**

The Firm does not vote proxies for securities held in clients' accounts. Clients will receive proxy material directly from their account custodian by either email or U.S. mail and can address questions concerning a proxy matter to Firm personnel via email or phone.

## **FINANCIAL INFORMATION**

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.