



Client Relationship Summary, June 2020

Smart Investments Advisory Incorporated is a California registered Investment advisor. Our financial professionals are registered to offer investment advisory services. Our advisors are also registered as independent contractors with Western International Securities, Inc., a brokerage firm that is not affiliated with Smart Investments. As a result of the dual licensing, we may offer either Advisory or brokerage type accounts. These services and their fees differ.

The purpose of this summary is to describe those differences. This summary explains the various services that we offer; how we charge for the services and possible conflicts of interest that may exist. As an aid to help research firms and professionals, tools are available at www.Investor.gov/CRS. Additionally, the website provides educational materials about Investment Advisors and investing.

What services and advice can Smart Investments Advisory provide for me?

Our financial professionals offer both investment advisory services and brokerage services. A range of investment products and services are available, and may include stocks, bonds, exchange traded funds, mutual funds or other investment vehicles. Various types of accounts may have requirements such as a minimum investment amount. Be sure to inquire about these limitations and which may apply. When offering services, your financial professional will inform you as to which type of service that is offered, and whether the recommendation or advice relates to brokerage or advisory services. There are important differences between the services, including costs to you and the extent of the services. Some of the differences are described below:

Brokerage Services

- If you plan a buy and hold strategy, without ongoing advice from a financial professional, paying for each transaction separately, a brokerage account may be the right choice for you. We offer many different products and securities. We do not offer proprietary products.
- Services are offered to individuals, trusts, entities, retirement plans and others.
- We may provide recommendations for possible purchases or sale, you must offer approval for each transaction. There is no minimum account size.
- Brokerage accounts are not monitored.

Investment Advisory Services

- Investment Advisory services provide ongoing investment advice.
- We manage investment advisory accounts and provide advice through a series of meetings and consultations. These services are described in our Disclosure brochure which can be found at www.adviserinfo.sec.gov or on our website at www.smart-advisory.com.
- Our advisory clients generally grant us discretion to buy and sell investments in your account without requiring your consent in advance. Clients can impose limitations on discretion by noting reasonable restrictions on specific securities or groups of securities.
- Accounts are typically monitored on an ongoing basis to align with your investment goals.
- We require a minimum investment amount of \$50,000. This amount may be waived in the case of a client having multiple accounts.



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What Fees will I pay?

Brokerage Services

- We charge a transaction based fee, also known as a commission. The amount will vary based upon the investment made, and the amount invested. The more trades you do, the more fees we earn. This can provide an incentive for us to encourage you to trade often.
- For stocks or Exchange Traded funds, the fee is added to the principal amount of the transaction. For a bond investment, the commission is typically included as a part of the price.
- For investments in mutual funds, variable annuity products or other packaged investment products, we typically receive compensation from the product sponsor. These fees are based on the amount of the investment and may be based on how long you hold the investment.

Investment Advisory Services

- For advisory services we generally charge an ongoing fee which is paid quarterly in arrears. This fee is a percentage of the value of your account, and is paid regardless of transactions in your account. The larger your account, the more you will pay in fees. There may be a nominal per transaction fee in addition to the asset based fee.
- The fee paid is generally set at the opening of the account and is based upon the value of the account, composition and services to be provided.
- Information regarding our fees are available in our brochure which is linked on our website, www.smart-advisory.com.
- We may also charge a fixed amount or an hourly based fee for consulting services.

Questions to ask your financial professional:

- *“If I deposit an amount to my account, how much of the funds will go to fees, and how much will be invested?”*

Explain your legal obligations when offering services as a broker, or when acting as my Investment Advisor.

Whether we act as a broker or as an investment advisory, we are required to act in your best interest. At the same time, the way we make money may create some conflicts with your interests. You should understand and ask about these conflicts as they can affect the recommendations and advise that we provide. A few possible conflicts:



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Third Party Payments

- When serving as a broker, we receive compensation from third parties related to investments you make in specific products. These may include mutual funds, ETF's, annuities, alternative or other investments. It may include distribution charges, fees or trail payments.

Principal Trading

- We sometimes directly buy from you or sell to you investments including bonds, unit investment trusts or other investments. In doing so, we may buy the investment from you at a lower price than we will sell it for, or by selling the security to you at a higher price than we bought it for. That creates an incentive for us to buy at the lowest possible price, or sell it at the highest possible price to maximize profit.

As an Investment Advisor:

- When we provide services as an Investment Advisor, fees are a percentage of the assets in your account. Generally, the larger your account, the more the fee will be. As a result, there is an incentive to encourage you to deposit more to your account.

Questions to ask your financial professional:

- *“What conflicts arise when I do a transaction with you, and how do you mitigate them?”*

<i>How do Smart Investments Advisors make money?</i>

A Smart Investments Advisory Advisor can make money by providing brokerage services or by providing Investment Advisory services. An Advisor providing brokerage services generally receive a portion of the commission or markup/markdown from your transactions. An Advisor providing investment advisory services receives a portion of the advisory fee that you pay.

Brokerage service creates an incentive to trade more frequently or to recommend products that pay higher commissions. When working as a broker, an advisor receives different amounts of compensation for selling different investment products or services. Examples of this could be 12b-1 payments, trail payments or sales loads. Although your advisor must recommend investment services or products that are in your best interest, these forms of compensation create an incentive for them to recommend specific products.



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Advisory services are based upon the value in your investment account which creates an incentive to encourage you to increase the size of your account.

Your Advisor is legally required to act in your best interest and to place the interests of clients ahead of his or her own. We have placed systems and procedures in place to mitigate the potential conflicts of interests that may arise.

Legal or Disciplinary History of your Advisor

You can visit www.investor.gov/CRS for a free and simple search to review our firm and your advisor.

Questions to ask your Advisor:

- As a Financial Advisor, do you have any disciplinary history? What was the conduct that resulted in the discipline?

Additional Information

For additional information about Smart Investments Advisory Incorporated, visit our website, www.smart-advisory.com. You can obtain a copy of this relationship summary form our website, or by calling 909-335-8565.

Questions to ask your Advisor:

- Who is my primary contact person?
- Does my Advisor work as a brokerage representative, as an investment advisor or both?
- If I have concerns about my advisor who would I speak with?

Smart Investments Advisory Incorporated

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