

**Firm Brochure**  
(Part 2A/2B of Form ADV)



**LBS CAPITAL MANAGEMENT, INC.**  
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This brochure provides information about the qualifications and business practices of LBS CAPITAL MANAGEMENT, INC. If you have any questions about the contents of this brochure, please contact us at: 727-726-5656 / 800-477-1296 (TOLL-FREE), or by email at: [jim@lbscap.com](mailto:jim@lbscap.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 LBS CAPITAL MANAGEMENT, INC. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

June 16, 2012

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 727-726-5656 / 800-477-1296 (TOLL-FREE) or by email at: [jim@lbscap.com](mailto:jim@lbscap.com).

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# Advisory Business

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## Firm Description

LBS CAPITAL MANAGEMENT, INC. was founded in 1986

LBS CAPITAL MANAGEMENT, INC. provides personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates, and small businesses.

LBS CAPITAL MANAGEMENT, INC. is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

LBS CAPITAL MANAGEMENT, INC. does not act as a custodian of client assets. The client always maintains asset control. LBS CAPITAL MANAGEMENT, INC. places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

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## Principal Owners

James A. Ackles is the 100% stockholder.

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## Types of Advisory Services

LBS CAPITAL MANAGEMENT, INC. provides investment supervisory services, also known as asset management services.

As of December 31, 2011, LBS CAPITAL MANAGEMENT, INC. manages approximately \$18.969 million in assets for approximately 146 accounts. All assets are managed on a discretionary basis.

LBS Capital Management, Inc. (LBS) provides investment advisory services to individuals, pension and profit sharing plans, trusts, and corporations and other business entities.

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## Tailored Relationships

The goals and objectives for each client are documented in the Client Application within the Investor Objectives and Risk Tolerance Survey. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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## Types of Agreements

The following agreements define the typical client relationships.

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### Investment Management Agreement

Most clients choose to have LBS CAPITAL MANAGEMENT, INC. manage their assets in order to obtain ongoing risk management of their holdings. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Investment Management Agreement includes all investment management services (including performance reporting as desired).

The annual Investment Management Agreement fee is based on a percentage of the investable assets according to the following schedule for each investment strategy described later in this document

The annualized fees for the investment management services are as follows:

	Risk Management	Maximizer
First \$500,000	2.00%	2.25%
Next \$500,000	1.50%	1.75%
Next \$1,000,000	1.00%	1.25%
Thereafter	1.00%	1.00%

  

	Index and Sector Investing	Global Asset Allocation
First \$500,000	2.25%	2.25%
Next \$500,000	1.75%	1.75%
Next \$1,000,000	1.25%	1.25%
Thereafter	1.00%	1.00%

#### Absolute Return Strategies

First \$500,000	2.00%
Next \$500,000	1.70%
Next \$1,000,000	1.40%
Thereafter	1.20%

The minimum annual fee is \$500 and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Although the Investment Management Agreement is an ongoing agreement, constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. A refund for the amount of fee charged at the beginning of the quarter less the fee for the expired portion of the quarter will be refunded.

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### **Asset Management**

Assets are invested primarily in no-load, exchange-traded funds, and variable annuity sub-accounts usually through discount brokers and fund or life insurance companies. Fund/life insurance companies charge each fund shareholder an investment management fee that is disclosed in the fund/variable annuity prospectus. Discount brokerages may charge a transaction fee for the purchase and/or sale of some funds.

LBS CAPITAL MANAGEMENT, INC. does not receive any compensation, in any form, from fund companies.

Investments may also include investment company securities (variable life insurance, variable annuities, and mutual funds shares)

Initial public offerings (IPOs) are not available through LBS CAPITAL MANAGEMENT, INC...

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### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying LBS CAPITAL MANAGEMENT, INC. in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, LBS CAPITAL MANAGEMENT, INC. will refund any unearned portion of the advance payment.

LBS CAPITAL MANAGEMENT, INC. may terminate any agreement at any time by notifying the client in writing. If the client made an advance payment, LBS CAPITAL MANAGEMENT, INC. will refund any unearned portion of the advance payment.



## Fees and Compensation

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### Description

LBS CAPITAL MANAGEMENT, INC. bases its fees on a percentage of assets under management.

Fees may be negotiable for client relationships greater than \$2,000,000 under management with LBS CAPITAL MANAGEMENT, INC. and for sub-advisor relationships.

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### Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you at the beginning of the three-month billing period. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. The initial billing is based upon the inception value and then subsequent billings are based on the account value as of the last day of the prior quarter.

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### Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

LBS CAPITAL MANAGEMENT, INC., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### Expense Ratios

Mutual funds/variable annuities generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to LBS CAPITAL MANAGEMENT, INC...

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

LBS CAPITAL MANAGEMENT, INC. reserves the right to stop work on any account that is more than 180 days overdue. In addition, LBS CAPITAL MANAGEMENT, INC. reserves the right to terminate any investment management agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in LBS CAPITAL MANAGEMENT, INC.'s judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

## **Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

LBS CAPITAL MANAGEMENT, INC. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Types of Clients**

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**Description**

LBS CAPITAL MANAGEMENT, INC. generally provides investment advice to individuals, pension and profit sharing plans, trusts, corporations and other investment advisers.

Client relationships vary in scope and length of service.

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**Account Minimums**

Unless otherwise authorized by an officer of LBS, minimum account size by strategy follows:

Absolute Return Strategies	\$250,000
Index and Sector Investing	\$100,000
Global Asset Allocation	\$100,000
Maximizer	\$ 50,000
Mutual Fund Risk Management	\$ 25,000

When an account falls below \$25,000 in value, a minimum annual fee of \$500 is charged unless other arrangements have been agreed to.

LBS CAPITAL MANAGEMENT, INC. has the discretion to waive the account minimum. Accounts of less than \$25,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$25,000 within a reasonable time. Other exceptions will apply to employees of LBS CAPITAL MANAGEMENT, INC. and their relatives, or relatives of existing clients.

Clients receiving ongoing investment management services will be assessed a \$500 minimum annual fee (\$125 per quarter). Accounts below the minimum account size may pay a higher annualized percentage rate on their fees than the fees paid by clients with greater assets under management.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

LBS CAPITAL MANAGEMENT, INC. has developed many quantitative analysis models to help evaluate market conditions and investment risk levels. LBS utilizes advanced forms of Artificial Intelligence technology to analyze individual securities and financial markets as a whole. Specific computer sciences used include, but are not necessarily limited to, Expert Systems, Neural Networks, and Genetic Algorithms. These methodologies incorporate traditional methods of analysis such as Charting, Fundamental, and Technical approaches but add the dimension of analyzing non-linearity in dynamic (self-learning) and adaptive, quantitative processes.

The main sources of information are historical price and market data.

LBS CAPITAL MANAGEMENT, INC. may engage one or more subadvisors to provide research and model portfolios including general security purchase and sale recommendations as requested by LBS.

Other sources of information that LBS CAPITAL MANAGEMENT, INC. may use include Morningstar Principia mutual fund information, and the World-Wide Web.

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### **Investment Strategies**

The investment strategy for a specific client is based upon the objectives stated by the client in the Investor Objectives and Risk Tolerance Survey. The client may change these objectives at any time.

LBS advises clients through various active management structures including:

- Active Mutual Fund Management Strategies ("AMFMS")
- Absolute Return Strategies ("ARS")

The AMFMS fall into five basic strategies:

Mutual Fund Risk Management - Traditional - Client selects the mutual fund/variable annuity/variable life product ("fund"), LBS has authority to move monies in quantities (stated in percentage) predetermined by client between the fund and its money market counterpart at the same fund family.

Maximizer - Domestic/International - LBS has authority to select funds and move between invested position and money market account. Subject only to the size of the account and absent specific restrictions by client, LBS has full authority to determine the amount of the securities to be bought or sold.

#### Global Asset Allocation (SMAART)

Traditional: LBS has full discretion to move monies among as many as ten asset classes including cash with mutual funds being the predominant investment vehicle.

Choice: LBS selects the funds/variable sub-accounts and asset allocation within a predetermined fund family/life insurance company chosen by the client.

#### Index and Sector Investing (ISI)

Benchmark Strategy - This program is an aggressively managed mutual fund strategy which invests in a selected fund family's or variable annuity's offering of Index and Sector funds. Its objective is to maximize investor returns in up and down markets using two distinct investment strategies. A majority of the investor's portfolio is managed using tactical asset allocation investing in index funds (up to +1.5x index leveraged and -1x index inverse). With the remainder of the portfolio managed using a sector rotation strategy investing in sector funds. The program is invested in a maximum of three funds at any given time and it is monitored on a daily basis.

The Absolute Return Strategies are offered to address the needs of high-net worth clientele. The Absolute Return Portfolios provide a globally diversified portfolio utilizing a wide spectrum of asset classes. The Absolute Return Portfolios were designed to minimize portfolio volatility using advanced risk management, hedging and market neutral strategies in an effort to protect capital and to capitalize on flat and down markets. These portfolios seek to dynamically manage risk and asset class weightings in an effort to provide consistent returns through up, down, and trendless markets.

LBS offers ARS through various platforms through various platforms (advising on mutual fund and variable annuity sub-accounts). Other fees may apply depending upon the platform chosen by client. A separate asset based fee may be charged by the various platforms for unlimited trading.

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## Risk of Loss

All investment programs have certain risks that are borne by the investor. In other words, investing in securities involves risk of loss that *clients* should be prepared to bear. Our investment approach constantly keeps the risk of loss in mind. Clients face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bond funds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

In 1997, LBS CAPITAL MANAGEMENT, INC settled proceedings by the Securities and Exchange Commission (the “SEC”) concerning the adequacy of disclosures made by LBS in a 1994 advertisement to describe the methodology used to generate model results. LBS utilized a commonly used and statistically sound methodology known as an “out-of-sample” test to validate its investment strategies and generate performance results. This methodology often involves the retroactive (as opposed to real time) application of LBS’ models. The staff of the SEC believed that additional disclosures were required in connection with an advertisement that LBS published during the period of May through September 1994. The SEC asserted that the advertisement did not disclose with sufficient prominence or detail the fact that the advertised performance results did not represent the results of actual trading using client assets but were achieved by means of the retroactive application of the model in question. The SEC concluded that the advertisement was materially misleading. Without admitting or denying the allegations, LBS settled the matter with the SEC by paying a \$25,000 civil penalty, consenting to a cease and desist order and agreeing to ensure continued compliance with Section 206(4) of the Advisors Act and Rule 206(4)-1(a)(5) thereunder. The SEC’s order was entered in on July 18, 1997, and the SEC file number is 3-9348.

## **Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

LBS CAPITAL MANAGEMENT, INC. is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

### **Affiliations**

LBS CAPITAL MANAGEMENT, INC. does not have arrangements that are material to its advisory or its clients with a related person who is a broker-dealer or investment company, other investment advisor, financial planning firm, commodity pool operator or commodity trading adviser.

# Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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## Code of Ethics

The employees of LBS CAPITAL MANAGEMENT, INC. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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## Participation or Interest in Client Transactions

LBS CAPITAL MANAGEMENT, INC. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the LBS CAPITAL MANAGEMENT, INC. *Compliance Manual*.

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## Personal Trading

The Chief Compliance Officer of LBS CAPITAL MANAGEMENT, INC. is James A Ackles. He reviews all employee trades each quarter. He has agreed not to trade in any securities other than investment company securities and/or market indices of sufficient size and related options for which no one individual's trades can affect the market. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

LBS does not permit insider trading, and will enforce all rules and regulations of the Investment Advisors Act of 1940 to monitor this policy.

# Brokerage Practices

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## Selecting Brokerage Firms

LBS CAPITAL MANAGEMENT, INC. does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. LBS CAPITAL MANAGEMENT, INC. recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates and technology platform.

LBS CAPITAL MANAGEMENT, INC. recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade.

LBS CAPITAL MANAGEMENT, INC. does not receive fees or commissions from any of these arrangements.

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**Best Execution**

LBS CAPITAL MANAGEMENT, INC. does not direct brokerage transactions.

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**Soft Dollars**

LBS CAPITAL MANAGEMENT, INC. does not receive any soft dollars

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**Order Aggregation**

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## **Review of Accounts**

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**Periodic Reviews**

Investment models are reviewed daily.

Due to the nature of investment supervisory services, and the mutual fund risk management, accounts are reviewed on a daily basis when a transaction for the account takes place. However, depending upon current market conditions and the particular position of an account, all accounts may not need a daily review. However, at a minimum, accounts are reviewed quarterly. Applicant and/or referral agent will monitor portfolios to insure that the client's objectives are being met. Triggering factors include, but not limited to, daily market activity, general economic or political trends, and interest rate movements. Other relevant financial factors may also be considered. Mr. James A. Ackles, President, will review client accounts. It should be noted that, depending upon the type of account, others may participate in the review process. Accounts are rebalanced when investment models suggest market conditions warrant portfolio modification.

Suitability of securities purchased and sold is not reviewed for clients of the Mutual Fund Risk Management programs.

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**Review Triggers**

Other conditions that may trigger a review are changes in investment information and changes in a client's own situation.

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**Regular Reports**

All investment supervisory services clients will receive, or have readily available online, from LBS or the unrelated bank or custodian, at a minimum, a quarterly status report. These reports will contain the following information: an appraisal of the portfolio at the beginning and end of the reporting period, interest, dividends and expenses, and a transaction detail for all activity



during the reporting period. LBS CAPITAL MANAGEMENT, INC. may provide a separate portfolio statement and 1099 reconciliation statement upon request for taxable accounts.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

LBS CAPITAL MANAGEMENT, INC. has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

LBS may compensate other investment advisers for client referrals. The management fee is generally shared between LBS as the advisor, and the unaffiliated investment adviser as the outside solicitor. In addition, LBS may waive some or all of its advisory fees for solicitors requesting advisory services from LBS. Solicitor's arrangements are structured to comply with Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940

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### **Referrals Out**

LBS CAPITAL MANAGEMENT, INC. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements LBS CAPITAL MANAGEMENT, INC. may provide.

# Investment Discretion

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## **Discretionary Authority for Trading**

LBS CAPITAL MANAGEMENT, INC. accepts discretionary authority to manage securities accounts on behalf of clients. LBS CAPITAL MANAGEMENT, INC. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. LBS CAPITAL MANAGEMENT, INC. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

LBS has full discretion to determine the securities to be bought or sold within asset classes indicated in the management agreement as indicated below:

### **Tactical Asset Allocation**

Maximizer: LBS has full discretion to move monies among domestic equities (Domestic) and international equities (International), with mutual funds being the predominant investment vehicle.

### **Global Asset Allocation (SMAART)**

Traditional: LBS has full discretion to move monies among as many as ten asset classes including cash with mutual funds being the predominant investment vehicle.

Choice: Same as Traditional except funds/variable sub-accounts used are within a fund family/life insurance company selected by the client.

### **Index and Sector Investing**

Benchmark Strategy - Client chooses fund family or variable annuity sponsor. LBS has full discretion to move monies among the selected fund family/variable annuity's universe of index and sector funds.

### **Absolute Return Strategies**

Client chooses fund family/variable annuity/trading platform sponsor. LBS has full discretion to move monies among the selected fund family/variable annuity/ trading platform's universe of mutual funds, variable annuity sub-accounts, and exchange traded funds (ETFs).

LBS may receive instructions from the client as to which broker or dealer is to be used and what commission rate or fee in lieu of commission (if applicable) is to be paid

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## Voting Client Securities

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**Proxy Votes**

LBS CAPITAL MANAGEMENT, INC. does not vote proxies on securities. Clients are expected to vote their own proxies.

## Financial Information

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**Financial Condition**

LBS CAPITAL MANAGEMENT, INC. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because LBS CAPITAL MANAGEMENT, INC. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

## Business Continuity Plan

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**General**

LBS CAPITAL MANAGEMENT, INC. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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**Disasters**

The Business Continuity Plan covers natural disasters such as hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, Internet outage, railway and aircraft accident. Electronic files are backed up daily and archived offsite.

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**Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

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**Loss of Key Personnel**

LBS CAPITAL MANAGEMENT, INC. has signed a Business Continuation Agreement with another financial advisory firm to support LBS CAPITAL MANAGEMENT, INC. in the event of James A. Ackles' serious disability or death.

## **Information Security Program**

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**Information Security**

LBS CAPITAL MANAGEMENT, INC. maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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**Privacy Notice**

LBS CAPITAL MANAGEMENT, INC. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

LBS CAPITAL MANAGEMENT, INC. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of the securities markets and investment analysis. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for investment management.

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### JAMES A ACKLES, BS, Operations Research, MBA, Finance

#### Educational Background:

- Date of birth: July 29, 1961
- Institutions
  - Johnson Graduate School of Management  
Cornell University, Ithaca, NY  
Master of Business Administration, 1984.
  - Cornell School of Operations Research and Information Engineering  
Cornell University, Ithaca, NY  
Bachelor of Science – Operations Research and Industrial Engineering, 1983.

#### Business Experience:

- LBS Capital Management (March, 1991 to Present)  
Began as Chief Operating Officer and Treasurer, became President in 1996.
- Previously a manager with Arthur Andersen/Andersen Consulting

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None