

Lexington Research and Capital Group

A Fee-Only Investment Advisory Firm

Firm Brochure

(Part 2A of Form AD)

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This Brochure provides information about the qualifications and business practices of Lexington Research and Capital Group. If you have any questions about the contents of this Brochure, please contact us at 859-271-2505 or dennisofficer@lexingtonresearch.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.

Lexington Research and Capital Group is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Lexington Research and Capital Group also is available on the SEC's website at www.adviserinfo.sec.gov. Our CRD Number is 108576

December 31, 2011

Item 2-Material Changes

There have not been any material changes since our last update on December 31, 2010

The objective of this brochure is to provide investors with a “**Plain English**” disclosure document that explains the scope and nature of Lexington Research and Capital Group’s business practices.

History: On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC’s new requirements and rules. This Document is materially different in structure and requires certain new information that our previous brochure did not require. We believe this brochure will be more readable and understandable to our clients.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide our clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least once every year. In the future, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We will further provide other ongoing disclosure information about material changes as necessary. **We will further provide you with a new Brochure based on changes or new information, at any time, without charge.**

Currently, our Brochure may be requested by contacting Dennis T. Officer at 859-271-2505 or dto4686@aol.com. Additional information about Dennis T. Officer is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Lexington Research and Capital Group who are registered, or are required to be registered, as investment adviser representatives of Lexington Research and Capital Group.

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Item 4 – Advisory Business

Lexington Research and Capital Group was founded in 1994 by Dennis T. Officer in Lexington, Kentucky. The firm is registered with the Securities and Exchange Commission as a Registered Investment Adviser.

Lexington Research and Capital Group is a fee-only investment management company. Fee-only means the source of our fees come directly from our clients. We do not accept or earn commissions in any form or from any financial product. We do not pay or accept referral fees from any source including fees from custodians or broker/dealers based on client transactions. Those fees are called “soft-dollar” benefits and we do not accept any soft-dollar benefits.

Lexington Research and Capital Group provides investment management services for individuals, trusts, estates, and retirement plans. We also provides financial planning services such as defining financial objectives, cash flow management, risk management, retirement planning and other issues as needed for clients.

Lexington Research and Capital Group does not take possession of any client assets for any reason. We do not act as custodians for any client assets. The assets of clients are held by independent custodians. These custodians include the Vanguard Group, Fidelity Investments and other independent custodians. The assets are owned strictly by the client in the client’s name.

We may from time to time recommend other professional such as tax advisers or attorneys at the request of the client. We do not pay or accept any referral fees from any outside professionals but rather provide recommendations for the benefit of the client.

Principal Owners:

Dennis T. Office is the principal and only owner of Lexington Research and Capital Group

Types of Advisory Services:

Lexington Research and Capital Group is primarily an investment manager or asset manager. We provide our clients with investment advice. We have a duty to collect financial data from our clients in order to learn and understand their individual financial situation. We use that client-supplied data along with client input to formulate a plan of action to meet their financial needs. We then manage those assets custodied at a qualified

custodian. We also provide financial planning as an ancillary service as part of the overall asset management.

Wrap Fee Programs:

Lexington Research and Capital Group does not participate in any wrap fee programs.

Managed Assets:

As of December 31, 2010 Lexington Research and Capital Group managed approximately \$215,017,172.00 for about 97 client households. Approximately \$215,017,172 is managed on a discretionary basis and \$0.00 on a non-discretionary basis.

Item 5: Fees and Compensation

Fees:

Lexington Research and Capital Group bases its fees on a scale based on the assets under management (AUM). The following is our fee schedule:

<u>Assets under Management (AUM):</u>	<u>Annual Fee:</u>
\$0-\$100,000	70% of 1% of assets under management
\$100,000 - \$400,000	50% of 1% of assets under management
\$400,000 - \$750,000	\$ 2950.00
\$750,000 - \$1,000,000	\$ 3250.00
\$1,000,000 - \$1,250,000	\$ 3550.00
\$1,250,000 - \$1,500,000	\$ 3750.00
\$1,500,000 - \$2,000,000	\$ 3950.00
\$2,000,000 - \$2,500,000	\$ 4250.00
\$2,500,000 - \$3,000,000	\$ 4550.00
\$3,000,000 - \$3,500,000	\$ 4750.00
\$3,500,000 - \$4,000,000	\$ 4950.00
>\$4,000,000	negotiable

Fee Billing

Lexington Research and Capital Group bills its fees on a quarterly basis. The quarterly fee is based on the assets under management at the end of the quarter. Lexington Research and Capital Group bills its clients directly and does not allow deduction of fees from client's assets. Clients are sent a quarterly statement detailing the fee for the quarter. The quarterly fee is due and payable upon receipt of the client. Clients will be billed on a pro-rata basis for during the first quarter of engagement. Lexington Research and Capital Group does not require any fees in advance. The only source of fees is directly from clients. We believe clients should benefit from our advice and not be burdened by the conflict of interest that is inherent in commission-based compensation. Our goal is to be transparent in the cost of investing.

Other Fees:

Custodians may charge transactions fees on the purchase and sale of mutual funds, stocks, bonds, and exchange traded funds. We at Lexington Research and Capital Group seek to minimize those fees by seeking the funds and transactions with the lowest possible costs. In addition to transaction fees, all mutual funds charge a management fee. This fee is known as the expense ratio. All of these fees are paid by the client in addition to the fees paid to Lexington Research and Capital Group.

Termination of Agreement:

All clients may terminate their agreement with 30 days' notice. Any fees due will be prorated for the portion of the quarter until the termination date. Since Lexington Research and Capital Group does not charge fees in advance and only at the end of the quarter, there is no refund on any fees paid.

Past Due Accounts:

Lexington Research and Capital Group reserves the right to stop management for any past due account over 60 days. Lexington Research and Capital Group will make every effort to inform clients of any past due accounts before terminating management.

Item 12 below further describes the factors used in selection broker/dealers for client transactions.

Item 6 - Performance-Based Fees

Performance-Based Fees:

Lexington Research and Capital Group does not use any performance based fee structure. We do not share in any gains of our client assets. We believe performance-based fee structures create a major conflict of interest for the client that may result in the selection of higher risk investments to the client. Our fee structure allows for growth in fees if client assets increase. It also means our fees can decline if client assets decline in value.

Item 7 – Types of Clients

Types of Clients:

Lexington Research and Capital Group normally provides investment advice for individuals, charities, trusts and small retirement plans.

Minimum Account Size:

Lexington Research and Capital Group does not impose a minimum dollar value or size as a condition for opening an account.

Item 8 – Method of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies:

Lexington Research and Capital Group primary method of analysis is based on the efficient market theory and modern portfolio analysis. We believe markets are efficient and careful exposure to various market segments in the proper assets allocation will produce appropriate returns and risks. We use passively managed index funds and exchange traded funds along with some individual stocks. We also allocated equity assets internationally to provide diversification and risk reduction relative to the domestic market. We believe low costs are very important to investing and seek to accomplish investment objectives at the lowest possible cost of the client. We also use rebalancing tools to meet target asset allocations. We believe in long term investing and believe frequent trading increases expenses and triggers potential tax liability.

Risk of Loss:

Every investment program contains certain risks including loss of principal. You may face interest rate risk which means interest rate changes will affect the value of your fixed income securities. You face market risk, currency risk, inflation risk, business risk, liquidity risk, political and governmental risk, tax risk and financial risk. All of those risks may and can adversely affect your financial assets. Any past performance may and can be different from future performance and is no guarantee of future performance.

Investing in securities involves risk of loss that you the investor should be prepared to bear.

Item 9 - Disciplinary Information

Disciplinary Actions:

Lexington Research and Capital Group and its employees have not been involved in any disciplinary actions by any regulatory body or agency.

Legal Actions:

Lexington Research and Capital and its employees have not been involved in any legal or civil actions or events.

Item 10 – Other Financial Industry Activities and Affiliations

Activities:

Lexington Research and Capital Group does not participate in any business or industry activities. Lexington Research and Capital Group is not a broker/dealer or any of its employees.

Affiliations:

Lexington Research and Capital Group is not affiliated with any outside group or organization. We recommend from time to time outside professionals such as attorneys or accountants as a service to our clients. We do not receive any fees or compensation for our recommendations from outside professionals.

Registration as a Commodity Pool Operator, Futures Commission Merchant or a Commodity Trading Advisor:

Lexington Research and Capital Groups is not registered as any of the above activities.

Registration Relationship and Possible Conflicts of Interest:

Lexington Research and Capital Group and its employees do not have any material conflicts of interest that would affect Lexington Research and Capital Group.

Selection of Other Advisers that might present a Conflict of Interest:

Lexington Research and Capital Group does not select any outside advisors or third party managers. All assets are managed by Lexington Research and Capital Group.

Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics:

Lexington Research and Capital Group has a Code of Ethics that is a central part of our firm. We believe our clients hold the highest place in our practice and we place our clients' interests above our own. We believe we are "fiduciaries" in the broadest possible sense. Key points in our code of ethics are clients first at all times, fairness to all clients, objectivity, competence, full disclosure, regulatory compliance, confidentiality, honesty, and integrity. We believe full and fair disclosure is important to all of our clients. We will not participate or tolerate any unethical behavior, insider trading, rumor spreading, and any other behavior that is in conflict with existing securities laws and the effective functioning of the capital markets.

We provide all current and prospective clients with a copy of our written Code of Ethics.

Participation in Client Transactions:

The employees of Lexington Research and Capital Group may from time to time own the same securities as our clients. Lexington Research and Capital Group will not trade ahead of any client transaction. We have a "24 hour" rule at Lexington Research and Capital Group: The employees of Lexington Research and Capital Group are prohibited from trading in any security for at least 24 hours (1 trading day) after any client transaction. We believe it is very important that client transactions have the upmost precedence ahead of our own personal transactions. We do not participate in any transaction that might be construed to present a conflict of interest with our clients.

The Chief Compliance Officer is Dennis T. Officer. He is responsible for reviewing all transactions at Lexington Research and Capital Group.

Item 12 – Brokerage Practices

Factors in Selecting Brokerage Firms:

Lexington Research and Capital Group makes recommendations for custodian firms. Lexington Research and Capital Groups recommends clients use the Vanguard Group as its preferred custodian. Lexington Research and Capital Group does not have any affiliation with any custodian. Recommendations are made based on a wide variety of factors including client needs, cost, best execution of orders, integrity of the custodian and the quality of client service.

Lexington Research and Capital Groups believes the Vanguard Group based in Valley Forge, PA has the best overall set of qualities for its clients. Vanguard is a member of FINRA, SIPC member, and is an independent broker/dealer. Lexington Research and Capital Group receives no financial compensation from the Vanguard Group in the form of fees or commissions and does not accept any fees or commissions from any custodian. We may benefit from the delivery of electronic client information and other non-financial services from the custodian as a routine course of business. We may also benefit from some research, tax information or other public information the custodian provides for its clients. Lexington Research and Capital Group does not receive any special information from the custodian and does not pay for any information from the custodian. We also review on an annual basis the best execution of client trades and continually monitor all fee and commissions. Lexington Research and Capital Group actively negotiates with the custodian for lower commissions and fees. Lexington Research and Capital Group does not receive any of the commissions and fees.

Soft Dollars:

Lexington Research and Capital Group does not receive any soft dollar benefits from the custodian or any other outside party.

Directed Brokerage:

Lexington Research and Capital Group does not direct brokerage for clients for any transaction.

Lexington Research and Capital Group does use occasionally use block trades in bonds to gain better execution on larger blocks and to ensure clients receive identical pricing on the trades.

Item 13 – Review of Accounts

Periodic Reviews:

All client accounts are reviewed formally on quarterly basis by Dennis T. Officer. In that process all client portfolio are evaluated for performance, asset allocation, rebalancing and cash flow. Clients are advised about any material changes in their portfolios as part of a quarterly review process.

Factors that will trigger a Non-quarterly Review:

Account reviews are performed when material market events such as economic or political events dictate a review. Reviews are also triggered when a client's personal circumstances change in a material way. Examples include retirement, inheritance, marital status, employment and family changes. Other events such as changes in the tax code or relocation are reasons for a non-quarterly review.

Regular Reports:

Lexington Research and Capital Group sends each client a quarterly report along with a detailed quarterly fee. In addition we also provide our clients with an overall view of the economy and markets as part of the quarterly report and any other general information we think would be useful for our clients. Examples include any changes in the tax code, retirement options and other information we believe is helpful for our clients.

Item 14 – Client Referrals and Other Compensation

Referrals:

Lexington Research and Capital Group depends on existing clients for referrals. The firm does not pay or accept fees for any referrals in any form. Lexington Research and Capital Group does not receive any economic benefit from outside parties.

Referrals from other Professionals:

Lexington Research and Capital Group does not accept any referral fees in any form from other professionals

Item 15: Custody of Client Assets

Account Statements:

All client assets are held at a qualified custodian mainly the Vanguard Group. All custodians send clients statements directly to their address of record at least on a quarterly basis. Some clients contact their custodian directly and request account statements to be sent either electronically or in paper format. Lexington Research and Capital Group encourages its clients in writing to carefully review the statements from their custodian and contact us with any questions.

Statements Provided By Lexington Research and Capital Group:

At the end of each quarter, Lexington Research and Capital Group sends each client a summary of assets under management, any gains or losses and a graph depicting the clients performance for the quarter compared to well-known market indices such as the Dow Jones 30 Index and the Standard and Poor's 500 Index. Clients are encouraged in bold letters to compare the quarter-end values in our statements to the statements provided by their custodian and to contact us if there are any differences or questions. We encourage our clients to rely on custodian statements as the final and authoritative source of information.

Custody of Client Assets:

Lexington Research and Capital Group does not take custody of client assets in any form. Clients are required to deposit all funds with their custodians and to deposit any securities directly with their respective custodians. We do not take any custody ever in any form.

Item 16 - Investment Discretion

Discretionary Authority for Trading:

Lexington Research and Capital Group has discretionary authority to manage financial assets in behalf of its clients. Discretionary authority means Lexington Research and Capital Group has the authority to select the securities to be bought or sold and the amounts of securities being bought or sold without the specific consent of the client. Lexington Research and Capital Group consults with their clients extensively about the assets being bought or sold or the amounts of assets being bought or sold prior to any purchases or sales as a routine part of the investment advisory process. Clients give Lexington Research and Capital Group a limited power of authority to act on their behalf in the purchase or sale of securities (see below). Lexington Research and Capital Group does not have any non-discretionary clients or accounts.

Limited Power of Attorney:

All clients sign and execute a limited power of attorney before Lexington Research and Capital Group will be given limited power of attorney to execute discretionary transactions. The limited power of attorney is part of the standard client account application process at the client's custodian usually Vanguard or Fidelity.

Item 17 – Voting Client Securities

Lexington Research and Capital Group does not vote or participate in any proxy voting on behalf of its clients. Lexington Research and Capital Group urges clients to participate in voting or proxy voting for their securities but does not cast or have an opinion about voting for its clients. Clients should direct all voting questions to the issuer of the security.

Item 18 – Financial Information

Financial Condition:

Lexington Research and Capital Group does not require prepayment of \$1,200 or more in fees or fees in advance for more than six months. Lexington Research and Capital Group does not take custody of client assets for any reason. As a result, a balance sheet is not required to be provided. Lexington Research and Capital Group does not require any prepayment of fees for any time period. Thus Lexington Research and Capital Group does not have any financial impairment that would prevent it from meeting the contractual commitments to clients. Lexington Research and Capital Group has not been subject to any bankruptcy petition in the last 10 years.

Item 19 – Business Continuity Plan

Overall Plan:

Lexington Research and Capital Group has a plan in place to make sure it will continue in the event of loss of office space, communications and other events. Lexington Research and Capital Group has a plan in place to make it will continue operations in the event of natural disasters such as tornado and floods and in the event of fire or other such disruptive events. Client's files and other information are backed up daily with several backup media. In addition, client files are archived in an offsite secure location.

Lexington Research and Capital Group conducts offsite disaster drills in the event of loss of our central location. Several times a year business is conducted from the offsite location and systems are tested for reliability and continuity.

Lexington Research and Capital Group has in place a business continuation agreement with Thomas R. Pope, CPA, CFP in Lexington, Kentucky. Mr. Pope will assist in the transition of the Lexington Research and Capital in the event of Dennis T. Officer's disability or death.

Item 20 – Information Security

Information Security:

Lexington Research and Capital Group considers client security to be one of the highest responsibilities of our firm. We maintain and keep client files in the most secure location and maintain a high level of security at all times. We maintain secure data encryption, firewall protection and authentication procedures.

Privacy Notice:

Lexington Research and Capital Group does not share any information with any outside vendor or third party. We collect a wide variety of financial information in assisting us in developing financial plans and investment strategies. We do not sell or barter any client data for any reason. We do not reveal any mailing lists to any outside parties.

The only time we might disclose any financial information an outside party such as an attorney, accountant or lender is with complete client permission. We only disclosure the information necessary for outside parties to effectively complete their work and only with careful consultation in advance with clients. We require complete confidentiality from any outside party such as attorneys, accountants or lenders.

We believe our client's privacy is of the utmost importance in our firm. We deliver to our clients every year a copy of our privacy policy as required by law and inform out clients of any change in our privacy policy.