



Kitzinger, Lautmann Capital Management Inc.

Form ADV Part II

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This brochure provides information about the qualifications and business practices of Kitzinger, Lautmann Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at 414.765.1234 or by email to klcm@klcminc.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 Kitzinger Lautmann Capital Management Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Kitzinger, Lautmann Capital Management Inc. is 107847.

Kitzinger Lautmann Capital Management Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Form ADV Part 2A
Brochure

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Advisory Business

Form ADV Part 2A, Item 4

Kitzinger, Lautmann Capital Management Inc. (KLCM) was established in March of 1993. Our principal owners are Peter S. Lautmann and James B. Kitzinger. Collectively they have over fifty years of experience working with individuals, corporate sponsors, and institutions in building balanced and equity portfolios.

KLCM is an Investment Advisory firm offering balanced, equity and fixed income portfolio management. In addition, we work as part of our client's financial team to consult on issues related to the portfolios that we manage.

Our product set includes:

- Value Equity
- Balanced (value equity and fixed income)
- Fixed Income

Portfolios are managed as separate accounts.

Each client's asset allocation is tailored to reflect their income needs, risk tolerance and liquidity requirements.

Clients may impose restrictions on investing in certain types of securities, industries, specific securities or other client specific limitations. It is the client's responsibility to provide these limitations to us in writing. Measures are taken to note the individual client request of that restriction.

KLCM does not participate in "wrap fee programs" where we would receive a portion of the wrap fee for our services.

All of our client accounts are discretionary. As of December 31, 2013, we had \$632,639,246 under management. We do not manage client assets on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

Our management fees are based upon a percentage of assets. The standard fee for equities is .9% per year on assets managed. Fixed income fees are negotiable. Existing clients may pay fees that vary from our current fee schedule based on the terms negotiated when those relationships were established.

KLCM fees are billed quarterly in arrears. This quarterly rate is applied to the average month-end market value for the previous quarter.

Clients may elect to be billed directly for fees or authorize KLCM to debit fees from their accounts via their custodian. Each client receives a quarterly invoice. We bill and deduct fees each quarter (in arrears) based on the average month-end market values.

In addition to our fees, clients may pay a third-party custody fee and/or brokerage and transactions costs. For more details about brokerage and transactions costs please refer to Item 12, section "Brokerage Practices".

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

We do not charge or accept performance-based fees or compensation.

Types of Clients

Form ADV Part 2A, Item 7

We provide investment advice to high-net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities. All clients are required to enter into an investment management agreement with us before we provide our services.

Our general minimum account size for management is \$500,000. Exceptions are made based on investment client type, account size, relationship size, service requirements and other factors.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

The primary focus of KLCM equity investing is to buy companies at compelling valuations while minimizing risk of capital loss. Opportunities arise when the market overreacts to disappointing short-term results or due to the general neglect or protracted unpopularity of a company or sector. Our approach is to apply intensive research and direct, and typically extended, management contact in order to identify those situations with limited risk and substantial upside over a two to three year time horizon. Emphasis on cash flow and underlying enterprise value of a firm, isolating a catalyst for change, looking beyond short-term results and understanding management objectives are all key to the process.

For fixed income securities, we engage in fundamental fixed income analysis to identify issuers with sound revenue sources, reasonable leverage and a track record of profitability in most years. We also apply traditional credit analysis to assess the capacity, collateral and character of each issue. In spite of rigorous analyst, the possibility of loss still exists.

Equity risk is minimized through in-depth fundamental analysis with particular attention devoted to cash flow and balance sheet issues and through careful attention to valuation. By definition, we will not buy stocks that are currently in vogue with high valuations and high expectations. Avoiding overpriced securities and employing a disciplined sell process are critical to constraining risk.

Client accounts are subject to general market risks. Accounts may decline in value because of a general decline in the market. The value of the securities held in client accounts tends to increase or decrease in response to movements in the market. Stocks generally fluctuate more than bonds and may decline significantly over short time periods.

Disciplinary Information

Form ADV Part 2A, Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KLCM or the integrity of KLCM's management. KLCM has no legal or disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

KLCM has been retained by the Iron Block Value Stock Fund (a limited partnership, not affiliated with KLCM) to act as investment manager of the partnership. Thomas P. Fitzgerald general partner of Iron Block Value Stock Fund and Senior Vice-President of Sergerdahl & Company Inc. is a registered broker-dealer.

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

Form ADV Part 2A, Item 11

KLCM maintains a "Code of Ethics" policy which applies to all employees and officers of our company. KLCM has a fiduciary duty and policies that require each employee to act in the best interest and for the benefit of our clients. Also each employee has a duty to act in a manner that reflects well on our firm. In addition to the various laws and regulations covering our activities, it is clearly in our interest as a professional investment advisory organization to avoid potential conflicts of interest or even the appearance of such conflicts with respect to the conduct of our officers and employees. While it is not possible to anticipate all instances of potential conflict, the standard is clear.

Our "Code of Ethics" details the standards of conduct expected of all our employees and includes limitations on personal trading, the giving and acceptance of gifts, serving as a director or trustee for outside organizations, participating in external investment organizations and engaging in unrelated business activities. We also maintain physical and electronic safeguards to protect nonpublic client information while in KLCM's possession and upon destruction. These safeguards are designed to protect both current and former clients. Our employees are required to comply with all applicable state and federal securities laws.

A copy of our "Code of Ethics" is available to any client or prospective client upon their request.

KLCM employees often purchase the same securities as our clients. It is KLCM policy that these transactions occur after all applicable client orders to purchase or sell that security have been executed.

KLCM policy requires that all employees' personal securities transactions be cleared prior to execution. This would include transactions for their own account, any accounts that they would have direct or indirect beneficial ownership, accounts involving family (husband, wife, children or other dependent relatives) or accounts that an employee would have beneficial interest ownership (such as a trust of which they are an income or principal beneficiary) are included within the meaning of "indirect beneficial interest".

Brokerage Practices

Form ADV Part 2A, Item 12

Investment or Brokerage Discretion - KLCM performs advisory services by exercising discretionary authority while managing a client's account. In general, there are no limitations on KLCM or the authority of its related persons to select securities or the amount of securities to purchase or sell. In addition to having authority to effect transactions on a client's behalf, we can also establish accounts and process transactions through one or more securities brokerage firms that we may select. We may be subject to client-imposed conditions, e.g., where the client restricts or prohibits transactions in certain types of securities or directs that trades be transacted through a specific broker-dealer.

Selection of Broker-Dealers - A broker-dealer is selected by KLCM for execution of a trade based on following:

- Best qualified to handle the trade for a specific security
- In possession of a complementary order to trade the same security at the same time
- Security is easily traded and is believed to have the lowest commission
- Offers research and investment information of a particular value to KLCM

Research services received from broker-dealers include:

- Verbal and written reports on the economy, various industries or specific securities
- Research conferences
- Meetings with industry analysts or corporate executives
- Access to news, data, security prices, research or portfolio tools

Other services provided in return for commissions may include:

- Trade executions
- Access to purchase over the counter securities

All research and information received is applied, as appropriate, to every client's portfolio. In our view, a combination of research sources offers the best potential for enhanced investment results for all clients' portfolios and this inures to the benefit of all clients. To segregate each piece of information to each commission paid would be counterproductive to sound and prudent investment decisions with respect to all client portfolios.

Soft Dollars - KLCM receives "soft dollar" benefits through Merrill Lynch (The Citation Group), which aid in the client portfolio management process. Soft dollar practices are arrangements under which approved research or other products or services are received by KLCM in exchange for brokerage commissions on transactions for client accounts. This is a benefit to KLCM because we do not have to pay for the research, products or services.

Soft dollar transactions are not affected pursuant to any agreement or understanding with any broker or dealer. However, KLCM does in some instances request a particular broker-dealer to provide a specific research service which may be proprietary to that firm or produced by a third party. In such instances, the broker-dealer, in agreeing to provide the research service, frequently will indicate to KLCM a specific or minimum amount of commissions that it expects to receive by reason of its provision of the particular research service. Although KLCM does not agree to direct a specific or minimum commission amount to a firm in that circumstance, KLCM does maintain an internal procedure to identify those brokers who provide us with research services and the value of such research services, and endeavors to direct sufficient commissions to ensure the continued receipt of research services that KLCM feels are beneficial.

The products and services that KLCM receives for soft dollars benefit all clients. We do not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

KLCM pays for a variety of services thru our "Soft Dollar" arrangement with Merrill Lynch. The following are a listing of some or all those items:

- Industry specific periodicals (Automotive News, Pulp & Paper Week)
- Bloomberg - an integrated platform that streams together price data, financials, news, and trading data
- Advent Software - client portfolio management system
- Interactive Data Corp. - a provider of financial market data, pricing, analytics and related solutions
- Customized reports that benefit all clients

Research and Brokerage Products - KLCM also receives research services from broker-dealers in exchange for client brokerage commissions. The following are some or all of those services received this last fiscal year:

- Research reports
- Market and economic data
- Company specific financial data
- Fundamental and technical analysis
- Research meetings with analysts
- Meetings with corporate executives
- Seminars or conferences

KLCM does not have an incentive to select or recommend a broker-dealers based on receiving client referrals.

The Company's clients may be referred to KLCM by certain registered representatives (brokers) or various registered broker-dealers (brokerage firms). These referred clients may direct KLCM, orally or in writing, to use or continue using the referring registered representative and brokerage firm to effect brokerage transactions for their managed accounts. When directed by the client to use the referring broker, KLCM will follow such directions. No attempt will be made by KLCM to negotiate commissions on behalf of the client. As a result, the client may pay materially disparate commissions, depending on their own commission arrangement with the referring broker established prior to or in connection with the referral to KLCM, and upon other factors such as the number of shares traded, round and odd lots, and the market for the security transactions. In some cases, KLCM could negotiate better brokerage commissions for the client if the brokerage were not directed by the client to the referring broker. Because KLCM has an interest in receiving future referrals from the referring brokers and brokerage firms, KLCM has a potential conflict of interest with the clients' interest in obtaining best execution (lowest net cost) on transactions for their accounts. For these reasons, KLCM does not always obtain best execution of transactions for the accounts of broker-referred clients.

Aggregation and Allocation of Trades - Whenever possible KLCM aggregates orders. This helps KLCM achieve better execution for all clients due to larger transaction sizes. It also facilitates heterogeneous transaction prices thereby eliminating any conflict of interest between clients. An aggregated purchase or sale order that is only partially filled will generally be allocated on either pro rata or random basis among the clients participating in the order.

Trade Error Correction – The goal of KLCM is to avoid trade errors where a client suffers a loss. With that said, it is expected that over time errors will occur. Clients are to be made whole as soon as reasonably possible. "Made whole" means that the client is in the same position prior to the error occurring or put in the position it should have been in but for the error.

Review of Accounts

Form ADV Part 2A, Item 13

All accounts are reviewed at least monthly by the portfolio manager or principal of the firm with respect to asset allocation and portfolio composition.

When we plan to buy or sell a security for portfolios, all portfolios are reviewed with respect to that security.

Each quarter, a client receives a written investment review of the following:

- Summary and an account appraisal showing all holdings by asset class
- A purchase and sale report of all security transactions for that quarter
- KLCM's commentary on the investment environment

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us and the related conflicts of interest are described below. The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Benefits and Related Conflicts from Schwab - Schwab makes available to KLCM products and services that benefit KLCM but may not benefit its clients' accounts. Some of these products and services assist KLCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our management fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of KLCM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to KLCM other services intended to help KLCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to KLCM by independent third parties. Schwab Institutional may 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 KLCM. While as a fiduciary, KLCM endeavors to act in its clients' best interests, and KLCM's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to KLCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

KLCM receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through participation in the Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with KLCM. Schwab does not supervise KLCM and has no responsibility for our management of clients' portfolios or KLCM's other advice or services. KLCM pays Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

KLCM pays Schwab Participation Fees on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client's account. KLCM pays Schwab Participation Fees for so long as the referred client's account remains in custody at Schwab. Participation Fees are billed to KLCM quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by KLCM and not by the client. KLCM charges clients referred through the Service fees greater than the fees KLCM charges clients with similar portfolios who were not referred through the Service. KLCM will charge 1% on equities versus .9 of 1% and .6 of 1% on fixed securities versus .5 of 1% to clients that participate in the Schwab Advisor Network.

KLCM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, KLCM will have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of KLCM's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, KLCM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For accounts of KLCM's clients maintained in custody at Schwab, Schwab does not charge the client for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades that Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers fees. Thus, KLCM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. KLCM nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for KLCM's other clients. Trades for accounts at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Schwab also makes available to KLCM other products and services that benefit KLCM but may not benefit its clients' accounts. Some of these other products and services assist KLCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of our management fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of KLCM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to KLCM other services intended to help KLCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to KLCM by independent third parties. Schwab Institutional may 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 KLCM. While as a fiduciary, KLCM endeavors to act in its clients' best interests, and KLCM's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to KLCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Custody

Form ADV Part 2A, Item 15

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your broker-dealer (custodian) to deduct our advisory fees directly from your account. Each broker-dealer maintains actual custody of your assets. You will receive account statements directly from your custodian at least quarterly. They will be sent to the email or postal mailing address that you have provided to your custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your custodian account statement to the investment review that we send.

Investment Discretion

Form ADV Part 2A, Item 16

We provide portfolio management services on a discretionary basis. We do have some clients that impose restrictions on investing in certain securities, industry types of securities or other limitations. It is the client's responsibility to provide these limitations to us in writing.

Voting Client Securities

Form ADV Part 2A, Item 17

KLCM is not required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which client assets may be invested. The client reserves all authority to vote proxies per our Investment Management Agreement. Clients will receive their proxies or other solicitations directly from their respective custodian or transfer agent of that particular security. Clients can contact us if they have any questions about a particular solicitation that may need further explanation.

Financial Information

Form ADV Part 2A, Item 18

We have no financial conditions to disclose that would impair our ability to meet our contractual commitment to our clients.

Privacy Policy

KLCM endeavors to provide the utmost privacy for all of its clients. We treat all data gathered about you in a confidential manner. To that end, the following policy will be followed:

KLCM will not provide any information on any current or former client without the client's prior expressed approval, unless required by law.