

Alan B. Lancz and Associates, Inc.

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This Brochure provides information about the qualifications and business practices of Alan B. Lancz and Associates, Inc. If you have any questions about the contents of this Brochure, please contact us at 419.536.5200 or [abl@ablonline.com](mailto:abl@ablonline.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.

Alan B. Lancz & Associates, Inc. is a Registered Investment Advisor. Registration of an Investment Adviser does not imply endorsement by the SEC of the qualifications of Alan B. Lancz & Associates, Inc. to provide investment advice. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Alan B. Lancz & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

The date of the last annual update of our Brochure is January 13, 2014.

Changes in this annual Brochure update include:

- **Item 4:** Managed assets amount updated.

Our Brochure is available free of charge and may be requested by contacting our offices at 419.536.5200 or [abl@ablonline.com](mailto:abl@ablonline.com). Our Brochure is also available on our web site, [www.ablonline.com](http://www.ablonline.com), free of charge.

Additional information about Alan B. Lancz and Associates, Inc. is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Alan B. Lancz and Associates, Inc. who are registered, or are required to be registered, as investment adviser representatives of Alan B. Lancz and Associates, Inc.

**Item 3 - Table of Contents**

Item 1 - Cover Page.....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents.....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	5
Item 6 - Performance-Based Fees and Side-By-Side Management....	9
Item 7 - Types of Clients.....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss...	10
Item 9 - Disciplinary Information.....	10
Item 10 - Other Financial Industry Activities and Affiliations.....	11
Item 11 - Code of Ethics.....	11
Item 12 - Brokerage Practices.....	13
Item 13 - Review of Accounts.....	14
Item 14 - Client Referrals and Other Compensation.....	15
Item 15 - Custody.....	15
Item 16 - Investment Discretion.....	15
Item 17 - Voting Client Securities.....	16
Item 18 - Financial Information.....	16
Brochure Supplement(s)	

#### **Item 4 - Advisory Business**

Alan B. Lancz (8/22/57) is the President and sole Owner of Alan B. Lancz and Associates, Inc. He graduated from the University of Toledo with a B.A. degree (Psychology), and established his own firm specializing in financial planning and investments in 1980. In 1981, Mr. Lancz became managing executive for the predecessor of Royal Alliance Associates, Inc. In 1985, Mr. Lancz incorporated this professional money management entity as a part of his firm, Alan B. Lancz & Associates, Inc., of which Mr. Lancz serves as President. Alan B. Lancz and Associates, Inc. has been in business continually for over 30 years. Mr. Lancz is general security licensed and also is a FINRA registered principal. Since January 2005, MidAmerica Financial Services, Inc. has held Alan B. Lancz's FINRA licenses, and Capital Investment Group, Inc. held them for the ten years prior. Please note that all final decisions concerning professional money management accounts are made by Alan B. Lancz.

(Throughout the remainder of this Brochure, we may refer to Alan B. Lancz and Associates, Inc. as "ABL, Inc.", or the "Firm").

As of October 31, 2014, Alan B. Lancz and Associates, Inc. manages \$167,019,393.38 of assets that are on a discretionary basis.

The Firm provides money management services, custom designed to each client's specific goals, objectives and risk tolerance. This ranges from guaranteed accounts and negotiating the most competitive interest rates and terms to a variety of non-guaranteed combinations, depending on each client's objectives. This could encompass equities, fixed income, real estate, currencies and commodities, all from a global perspective. Tax and risk management are critical components of ABL, Inc.'s services.

The Firm also advises both employers and participants on employee benefits, financial and estate planning, on a case by case basis.

ABL, Inc. emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or other conditions for the management of their account. **(See Item 13).**

#### **Item 5 - Fees and Compensation**

## *Alan B. Lancz and Associates, Inc.*

The specific manner in which fees are charged by ABL, Inc. is established in a client's written agreement with the Firm. Fees are based on a percentage of the total market value of assets in the investment account at the start of each three month period. The fee is non-negotiable for accounts with less than \$2,500,000 in assets under management. The current fee schedule is broken down as follows:

<u>Portfolio Value</u>	<u>Annual Fee</u>
\$1,000,000 - 1,499,999	1.0%
\$1,500,000 - 1,999,999	0.9%
\$2,000,000 - 2,499,999	0.8%
\$2,500,000 - or greater	Negotiable

\* Accounts under \$1,000,000 and greater than \$750,000 are charged 1.2%, under \$750,000 yet greater than \$500,000 are charged 1.5%, and accounts under \$500,000 are accepted only on a case by case basis with an annual fee of 2%.

ABL, Inc. or the client may terminate the investment advisory agreement within five days of the date of acceptance without penalty to the client. After the five-day period, the investment advisory agreement may be canceled at any time, by either party, with written notice. Fees are billed every three months in advance. If a client elects to margin their account(s), billing will be based on gross assets managed including any debt. In the event the investment advisory agreement is terminated, a pro-rated refund of unearned fees paid will be sent to the client upon written request. Fees for guaranteed accounts and cash management type services are negotiable, and generally one-tenth those of the above schedule.

ABL, Inc. will either invoice the client directly for management fees or payment will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from their account. ABL, Inc. will not have access to client funds for payment of fees without the clients consent in writing. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the client showing all disbursements from the account. The client is encouraged to review their account statements for accuracy. ABL, Inc. will receive a duplicate copy of the statement that was delivered to the client. **(See Item 15).**

SOUND Investing Services

"SOUND Investing" is a service offered by ABL, Inc., for investors seeking personalized investment advice on no-load, low cost mutual funds, ETFs, as well as various other investment vehicles including individual securities when applicable. This service can be utilized in conjunction with our advisory managed accounts or separately for those investors that do not meet the \$500,000 minimum for our money management services or would rather have an asset allocation program of mutual and exchange traded funds.

As part of ABL, Inc.'s SOUND Investing services, clients receive personalized portfolio analysis along with proprietary, discretionary asset allocation to match each client's specific goals and objectives.

SOUND Investing comes with a pro rata money back guarantee of ABL, Inc.'s quarterly fee at anytime upon written request. In such case, the client will receive a pro rata refund of unearned SOUND Investing fees. SOUND Investing participants with assets between \$500,000-\$2,000,000 are assessed an annual percentage fee of 0.50%, billed quarterly in advance, based on total assets. The annual fee for accounts over \$2M is negotiable. Accounts under \$500,000 are billed at 0.65% annually with a \$250 minimum per quarter. A one time \$200 initiation fee may also be charged for SOUND Investing accounts. Clients seeking access to severely discounted stock transactions along with our guidance are charged \$250 per quarter for 1-2 accounts and \$500 per quarter for up to 5 accounts (negotiable thereafter). Other potential services that are available through SOUND Investing for an additional fixed fee include a consolidated brokerage statement for numerous related accounts (i.e., IRA, personal, Joint, Trust, etc.), no-load fund purchases, no fee IRA and low cost retirement plan establishment.

Retirement Plan Consultation Services

As part of the consulting services that ABL, Inc. provides under the SOUND Investing program, ABL, Inc. may provide pension-consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, asset allocation advice, money management services, communication and education services where ABL, Inc. will assist the plan sponsor in providing meaningful information regarding the retirement plan to its participants, investment performance monitoring, and/or ongoing consulting.

## *Alan B. Lancz and Associates, Inc.*

ABL, Inc. will hold educational meetings for the plan employees and provide information on the plan specifics and allocation choices. ABL, Inc. offers financial education and investment management guidance in the form of personal consultations through its "SOUND Investing" services. ABL, Inc. will also meet with plan participants individually or via educational webinars and offer personalized information based on their individual objectives. Much of this work is done as an independent consultant at the rate of \$205 an hour for work done by Alan Lancz and \$48 an hour for work done by associates. Research Associates are billed out at \$65 an hour.

### Financial Planning Services

ABL, Inc. prepares individual financial plans and/or reports for clients. The report is based upon the information and assumptions provided by the client. This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique and does not recommend the purchase or sale of specific securities. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and any illustrations therein provide a summary of certain potential financial strategies. The term "plan" or "planning" when used within a report does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. One should consult their tax and/or legal advisors before implementing any transactions and/or strategies concerning their finances. The plans and/or reports may be comprehensive or focused on certain specific goals. The preparation of a financial plan is a one-time service with a \$500 cost for Retirement Income Planning or \$2,000 for a full Comprehensive Financial Plan and does not involve an ongoing relationship between the firm and a client. A Comprehensive Plan includes up to 16 hours of total effort working on Financial Position, Insurance Analysis, Tax Management, Investment Analysis and Planning, Estate Planning or any combination thereof. After the plan is complete and delivered to the client, the client's investment advisory relationship with the firm ends. The firm will not automatically monitor or update the plan. Any plan updates will be a separate and distinct service and will involve a separate advisory relationship subject to a separate agreement between the client and the firm.

After receiving a financial plan, a client may decide to implement the plan. Implementing a financial plan involves purchasing products and/or services, separate and apart from the financial plan itself. Clients may implement the plan through ABL, Inc. or any unaffiliated financial institution of their choice. Since

the financial planning relationship terminates upon completion and delivery of the financial plan to the client, any implementation of the plan with the firm or an affiliate is achieved through a separate relationship with the client. The nature and extent of the separate relationship will depend on the nature of the services and/or products the client selects and will be clearly specified in the documents provided to the client. The firm and/or an affiliate will be compensated as part of that relationship either by a fee on assets under management, a flat fee or on an hourly basis.

While clients are under no obligation to purchase any additional services or products through ABL Inc. or an affiliate, if clients do purchase products or services from the firm or an affiliate, this may result in the payment of additional compensation to the firm and/or its affiliates. Such compensation might take the form of commissions and other payment streams tied to the sale of securities or insurance products or it might take the form of investment advisory fees. As a result of such additional compensation being paid for the sale of products or services to implement the financial plan, a conflict of interest may arise.

#### Consulting Services-Corporate

ABL, Inc. offers consulting services for businesses focused on particular issues such as business continuation, business exiting strategies, qualified retirement plans, non-qualified deferred compensation, and executive/key person compensation. After receiving the consulting service, the client may decide to implement the recommendations resulting from the consulting service. In this case, similar conflicts as outlined under financial planning above apply. Investment and financial planning to principals, officers, executives and other employees are available on a flat fee or hourly basis.

#### Written Publications

Sound Investing Basics is a quarterly proprietary publication directed to mutual fund investors and retirement plan participants offering investment insights, strategies and analysis on an educational/informational basis. ABL, Inc. Research Reports are proprietary, detailed analysis and insights on specific companies that the firm follows. Subscriptions and memberships are available through LanczGlobal LLC ranging from \$295 annually to \$10,000 a quarter for corporate and institutional clients. LanczGlobal LLC is a separate entity from Alan B. Lancz & Associates, Inc. and not a regulated investment advisor.



General Information of Advisory Services and Fees

ABL, Inc. is compensated only via the fee, or subscription income as described above, unless clients choose to purchase products through MidAmerica Financial Services, Inc. in which case individuals associated with the Firm who are registered representatives of MidAmerica may receive compensation in the form of commissions.

Any service fees paid to Alan B. Lancz & Associates, Inc. are separate from the fees and expenses charged to shareholders of mutual fund shares by these funds or modest transaction charges (usually on funds with very low annual expenses). A complete explanation of these expenses is available upon request and the expenses charged by the mutual funds are contained in each mutual fund's prospectus.

ABL, Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. As noted above, mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These charges, fees and commissions are exclusive of and in addition to ABL, Inc.'s fee, and ABL, Inc. shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that ABL, Inc. considers in selecting or recommending custodians and/or broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

**Item 6 - Performance-Based Fees and Side-By-Side Management**

ABL, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Select investments through Mid America Financial Services may have a performance fee and this is fully disclosed in writing to every investor.

**Item 7 - Types of Clients**

Alan B. Lancz and Associates, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, investment companies, charitable institutions, foundations, endowments, retirement plan participants, family offices and numerous trust accounts.

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

Analysis of both individual securities and general market conditions are primarily done on a fundamental basis. Recommendations and forecasts are based on our assessment of current fiscal and monetary policy, investment fundamentals, along with the psychological aspect of each investment (business philosophy, strategy, attitude, track record and background of top management, for example) which can be as much of a factor as fundamental aspects. Evaluation of a client's current investments is made to be certain that the fundamental features match the client's objective. Due primarily to the fact that each account is individually managed, Alan B. Lancz & Associates, Inc. may give advice and/or take action for some clients that may differ from advice given, or the timing or nature of action taken for others. Performance may vary dependent on a variety of factors, such as services utilized, brokerage firm selection and restrictions placed by clients on accounts, size of the account, plus numerous other factors since all accounts are managed in accordance to client's specific goals, objectives, and risk profile. Investing in securities involves risk of loss and past performance cannot guarantee future success.

**Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Alan B. Lancz and Associates, Inc or the integrity of ABL, Inc.'s management. Alan B. Lancz and Associates, Inc. has no legal or disciplinary events at this time.

## **Item 10 - Other Financial Industry Activities and Affiliations**

Alan B. Lancz selectively invests and operates private equity and real estate investments. This is accomplished separately from the registered investment advisor entity, Alan B. Lancz and Associates, Inc. Every private placement investment is structured in the form of individual Limited Liability Companies (LLC) solely for himself and select, accredited investors. There is a performance-based fee with each LLC that pays 10% of any cash on cash annualized total return above 20%. In addition, there is a 3.5% acquisition fee for due-diligence work with each acquisition.

Associated persons of ABL, Inc. may be registered representatives of MidAmerica Financial Services, Inc. ("MidAmerica"). In their individual capacities as registered representatives of MidAmerica, these individuals may effect securities brokerage transactions for clients on a fully-disclosed commission basis. If clients prefer, purchases and sales of investments can be executed through MidAmerica Financial Services, Inc. This arrangement may prove beneficial from a cost standpoint for accounts with minimal activity or specific investment requests. In addition, certain of the Firm's associated persons may be licensed insurance agents, and, in such capacity, may recommend the purchase of no load or commissionable insurance products by investors and may receive a commission in any such purchase. Associated persons of ABL, Inc. may receive compensation on the sale of securities, including 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of clients' funds into investment companies, through their capacities as registered representatives of MidAmerica. Associated persons who are insurance agents may also receive additional compensation in the form of commissions on the sale of insurance related products.

## **Item 11 - Code of Ethics**

ABL, Inc. has adopted a Code of Conduct/Ethics for all employees of the firm, describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Conduct/Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at ABL, Inc. must acknowledge

the terms of the Code of Ethics annually, or as amended.

The Firm or individuals associated with ABL, Inc. may buy or sell, for their personal account(s), investment products identical to those recommended to clients. Anytime when purchases or sales of securities are made for ABL, Inc., or individuals associated with the company, in conjunction with the client's purchases or sales, the client will always receive the preferential price, if there is one. In addition to preferential prices, client transactions will always be given preference with regard to timing of order placement, if applicable.

ABL, Inc. has also established policies and procedures to detect and prevent insider trading and money laundering. Such procedures and policies includes restricting access to files, providing continuing education, internal due diligence, restricting and/or monitoring trading on those securities of which ABL, Inc., associates and employees may have non-public information and monitoring the securities trading of the firm, its employees and associated persons. In addition, Alan B. Lancz & Associates Inc. has established a Disaster Recovery and Contingency Plan in accordance with Securities Exchange (SEC) Rule 204. This plan, along with Alan B. Lancz & Associates Inc.'s policies and procedures, are presented to each associate/employee upon employment and reviewed annually thereafter.

Additionally, it is fully disclosed on the front page of each publication received by subscribers, that ABL, Inc., or individuals associated with the company, may have positions in securities or commodities mentioned in the newsletter. As these situations may represent a conflict of interest, ABL, Inc. has established the following restrictions in order to ensure its fiduciary responsibilities:

- The firm emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions of the overall management of their account.
- Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry.
- No associated person of the Firm shall prefer his or her own interest to that of the advisory client. Whenever purchases or sales of securities are

## *Alan B. Lancz and Associates, Inc.*

made for ABL, Inc., or individuals associated with the company, in conjunction with the client's purchases or sales, then the client will always receive the preferential price, if there is one.

- The Firm and its employees may not participate in private placements or initial public offerings (IPO's) without pre-clearance from ABL, Inc.'s Compliance Officer.
- Records will be maintained of all securities bought or sold by ABL, Inc., associated persons of the Firm, and related entities. A qualified representative of ABL, Inc. will review these records on a regular basis.
- Any employee, who does not comply with the above restrictions, may be subject to termination.

A copy of the Firm's Code of Conduct/Ethics is available to you upon request.

### **Item 12 - Brokerage Practices**

ABL, Inc. will recommend firms that provide brokerage and custodial services to its clients in need of such services. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice. They have no obligation to purchase or sell securities through any broker that the Firm recommends.

In placing orders for the purchase and sale of securities and selecting brokerage firms to effect these transactions, ABL, Inc. considers a number of factors including the nature of security being traded, execution, clearance, settlement and custodial capabilities, the financial strength and stability of the broker, the efficiency with which the transactions are effected, the ability to affect the transactions at all where a large block is involved, as well as the availability of the broker to stand ready to execute possible difficult transactions in the future and willingness to negotiate competitive commission rates.

On a very selective basis, clients may choose a brokerage firm or specific broker for a managed account. It should be noted that when a client directs the use of a broker for an account, then ABL, Inc. may not be able to negotiate as competitive of a commission rate, participate in block trades, or average price trades, thus possibly negatively affecting net prices compared to ABL, Inc.'s other accounts. Any of these three areas could result in higher commissions from a client's chosen broker, than what ABL, Inc. clients would generally pay. If we do trade through other brokers or purchase certain mutual funds through them, clients may see additional charges or costs to their account. ABL, Inc. does not benefit from these charges. All other accounts will utilize very competitive commission

rates even though the absolute lowest rate possible may not be used due to a number of other factors in determining net cost/benefit. Those factors include no or low cost custodial, administration and retirement plan services, as well as other services, in addition to the above mentioned best execution criteria. ABL, Inc. does not participate in any 'soft dollar' arrangements in which we guarantee order flow to brokers in return for research or other benefits.

ABL, Inc.'s policy and procedures provide for the following procedures should a trading error occur: First, ABL, Inc. is responsible for correcting the error as soon as possible which may include moving the trade to an error account held by ABL, Inc. Secondly, ABL, Inc. bears all cost (if any) of correcting the error and risk in holding the position should the firm decide to do so. Accordingly, if the error results in a gain, then such gain would be part of the ABL, Inc. error account, as would any loss and every losing position in error. No client account will be responsible for losses from any trade errors made by ABL, Inc.

### **Item 13 - Review of Accounts**

Upon initiation of each account, the client discloses their specific goals and objectives and elects which investment direction best suits these objectives. These objectives can be changed at the client's discretion by written notice to Alan B. Lancz & Associates, Inc. It should be noted that all investment decisions are made in accordance with the guidelines and restrictions established for each account. The accounts are continuously monitored to make sure the guidelines and restrictions are followed. In addition to the custodian's brokerage firm regular brokerage statements, Alan B. Lancz & Associates, Inc. will furnish monthly Portfolio Progress Reports upon request for accounts of \$5M and more, otherwise quarterly portfolio progress reports are furnished on a timely basis. These summary reports include a transaction journal and a listing of current holdings. Customized reports may be provided based upon each client's specific needs and preferences. Clients under SOUND Investing (generally no load mutual funds, ETFs, etc.) will also be provided progress reports upon request.

#### **Item 14 - Client Referrals and Other Compensation**

Alan B. Lancz and Associates, Inc. does not accept nor disseminate any economic benefits to or from clients or non-clients for any client referrals.

ABL, Inc. is compensated only via the fee, as described in Item 5 above, unless clients choose to purchase products through MidAmerica Financial Services, Inc. in which case individuals associated with the Firm who are registered representatives of MidAmerica may receive compensation in the form of commissions.

#### **Item 15 - Custody**

Clients will receive at least quarterly statements from the qualified custodian that holds and maintains the client's investment assets. ABL, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may occasionally vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. **(See Item 5).**

#### **Item 16 - Investment Discretion**

Although clients give ABL, Inc. complete discretion over the selection and amount of securities to be purchased or sold for their account without obtaining their prior consent or approval, ABL, Inc. may be subject to specified restrictions, guidelines, and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of their portfolio, or place restrictions or prohibitions of transactions in the securities of a specific industry, and/or directed brokerage. Investment guidelines and restrictions must be provided to ABL, Inc. in writing. ABL, Inc. does not take custody of money or securities in advisory accounts.

**Item 17 - Voting Client Securities**

ABL, Inc. will not vote proxies on behalf of client's accounts. However, on rare occasions and only at the client's request, ABL, Inc. may offer clients advice regarding corporate actions and the exercise of proxy voting rights.

**Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ABL, Inc.'s financial condition. Alan B. Lancz and Associates, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.