

# Alcorn Investment, Inc.

Firm Brochure  
(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Alcorn Investment, Inc. If you have any questions about the content of this brochure, please contact us at: (888)475-7535, or by email at [info@jeffreycerny.com](mailto:info@jeffreycerny.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state security authority.

Additional information about Alcorn Investment, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. The CRD number for Alcorn Investment is xxxxx.

January 31, 2014

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## **Material Changes**

### **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.

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

N/A

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (888)475-7535 or by email at [info@jeffreycerny.com](mailto:info@jeffreycerny.com).

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## **Item 4 Advisory Business**

### **Firm Description**

Alcorn Investment, Inc. (referred to as “Alcorn” throughout this document) is registered with the Securities Exchange Commission as a Registered Investment Adviser (the term registered does not imply a certain level of skill or training). Alcorn is a newly formed corporation formed under the laws of the state of California. The Corporation was formed in January 2014. Alcorn has been a registered investment adviser since April 2015

Alcorn Investment offers a combination of the following advisory services to individuals, pensions, and profit sharing plans.

- Investment management services
- Financial Planning

Before engaging the services of Alcorn Investment, Alcorn will identify a client's financial background, prior investment experience, investment objectives, goals and restrictions, and risk tolerances, among other things. This information is used in determining which planning recommendations are appropriate for the client and/or which investment recommendations are suitable for the client. Alcorn will update this information on a periodic basis. We also advise all clients to notify us immediately if there is any change to their financial situation or investment objectives.

### **Principal Owners**

Jeffrey A. Cerny is the sole owner of Alcorn Investment, Inc.

### **Types of Advisory Services**

The primary type of services offered by Alcorn Investment are investment management and financial planning,

### **Investment Management**

This service involves ongoing supervision of a client's designated accounts. Each portfolio is designed to meet a particular investment goal. This means Alcorn will make trading decisions in the client's designated account in accordance with the client's Investment policy statement.

### ***Investment Policy Statement (IPS)***

We will meet with the client (either in person or over the phone) to determine the investment goals, objectives, policies, constraints and risk tolerance. We will then prepare a written IPS stating those goals and objectives. The IPS will provide guidance for the selection of investment options and the procedures and timing interval for the monitoring of investment performance. The client is responsible for review and final approval of the IPS. No assurance can be given that the client will achieve the investment objectives in the IPS.

### **Types of Investments**

#### **Equity securities:**

- Common stock;
- Preferred stock;
- Managed Separate Accounts;
- Exchanged Traded Funds;

- Mutual Funds;
- Others.

Fixed income securities (taxable and non-taxable):

- Government Agency & Treasury Securities;
- Corporate Bonds;
- CD's;
- Managed Separate Accounts;
- Trust Deeds;
- Inflation Protection;
- Convertible Securities;
- Exchanged Traded Funds;
- Mutual Funds;
- Consumer Debt;
- Fixed Annuities;
- Others.

Strategic Return Securities:

- Stock Option Strategies;
- Hedge funds;
- Commodities;
- Equipment Leasing programs;
- Managed Futures;
- Real Estate opportunities;
- Operating Company Investments;
- Private Equity;
- Promissory Notes;
- Others.

Cash (or cash equivalents).

Portfolios are customized for clients and may be all equity, all fixed income, concentrated (if deemed suitable) or blended to a balanced allocation across equity, fixed income, strategic return, and cash.

### **One Time Financial Planning**

This service is one time only with no ongoing assistance or planning reviews. A comprehensive picture of where you are. This service may include a one-time review of the client's investment assets, financial planning, estate planning, and assistance with the initial implementation of recommendations as accepted by the client. Financial planning may include identification of financial problems, cash flow and budget analysis, tax planning, risk exposure review, education funding, retirement planning, charitable goals, special needs planning, life insurance and disability insurance planning. Financial planning may also include other areas that are specific to the client. We provide online access to eMoney so the client can view their financial picture. A hard copy may be provided upon request.

The One Time Financial Planning service can be upgraded to the Wealth Management program per the client's request at the completion of the Financial Planning Service. Client's also have

the option of engaging in a contract with Alcorn on an hourly basis or as needed for specific issues that the client would like assistance with.

### **Wealth Management**

This service is available to investment management clients who meet a minimum investment management annual fee of \$3,000. There is no charge above the client's investment management fee for the Wealth Management Program as long as the minimum is met.

This service addresses ongoing retirement planning and risk management.

This service includes financial planning, estate planning, and asset monitoring services (when requested by the client). Financial planning may include identification of financial problems, cash flow and budget analysis, risk exposure review, retirement planning, charitable goals, special needs planning, life insurance and disability insurance planning. Financial planning may also include other areas that are specific to the client. We provide online access to eMoney so the client can view their financial picture. A hard copy may be provided upon request.

This service also includes assistance with implementation of recommendations accepted by the client, meetings as required, and a bi-annual update of the financial picture as long as the client provides us with updated personal information.,

If the client has asked Alcorn to monitor assets that we are not the investment advisor on then this will be done as agreed upon by the client and the advisor. eMoney is designed to provide us with account information on accounts that we are not the direct advisor on. The client must enroll their account in this program. Alcorn only accepts a limited number of new clients into the Wealth Management Program each year.

Once a client becomes eligible for the Program we will discuss the program with the client. The client can determine if they would like to participate in the program or not. The decision to not participate does not decrease the standard investment management fee that the client pays. Clients not meeting the minimum \$3,000 per year may elect to enroll in Program and pay the additional fee for the additional planning services. A separate contract is required.

### **Tailored Relationships**

Our advisory services or recommendations are tailored to the individual needs of clients. Client goals and objectives are discussed in meetings or through correspondence, and are used to determine the recommendation to the client. The goals and objectives for each client are maintained electronically or in hard copy format.

### **Participation in Wrap Fee Programs**

We do not participate in a wrap fee program.

### **Asset under Management**

100% of assets under management are non-discretionary.  
0% of assets under management are discretionary

## **Item 5 Fees and Compensation**

### **Description**

Alcorn Investment, Inc. bases its fees on a percentage of assets under management, flat fees, or hourly fees.

### **Fee Schedule**

#### **One time financial planning**

The standard fee for one time financial planning is charged as a flat fee. The minimum fee may be waived under certain circumstances. The client's exact fee schedule is shown on the client's signed contract

| <b>Assets</b>              | <b>Income</b>    | <b>One Time Fee</b> |
|----------------------------|------------------|---------------------|
| \$300k to \$600k           | \$50k to \$100k  | \$1,500             |
| \$601k to \$1,000,000      | \$101k to \$200k | \$3,000             |
| \$1,000,001 to \$3 million | \$201k to \$300k | \$4,000             |
| \$3,000,001 plus           | \$301k plus      | \$5,000             |

#### **Investment Management Services**

The standard fee for investment management is charged as a percentage of assets under management. The fee may range up to 3.0% based on the market value and the complexity of the client's relationship. There is a minimum annual fee of \$1,500 per household. The minimum fee may be waived under certain circumstances. A client can be charged a flat percentage fee based on the type of assets in the account. An increase or decrease can be applied to the fee schedule based on the individual client situation. The client's exact fee schedule is shown on the client's signed contract.

- Fees are charged in advance at the beginning of each quarter.
- Fees are based on the market value of the account on the last trading day of each quarter unless otherwise stated on the contract.
- No fee adjustment will be made for account depreciation that may occur between regular billing cycles
- Fees are prorated based on the number of days in which the account was under management for the quarter.
- Additions to client accounts over \$100,000 may be made at any time and could result in a prorated fee adjustment.
- Fee adjustments will not be made for separate withdrawals during a quarter.
- Account Balances are totaled together for clients in the same household to determine the blended fee (see the sample fee calculation below).

Compensation for our services is calculated in accordance with "Schedule A" of the Engagement Agreement entered into with each Client when we begin our professional relationship. The Engagement Agreement may be amended from time to time by us upon 30-days written notice to Client.



### **Schedule A:**

A typical quarterly fee for a client with two investment management accounts and the below fee schedule on their contract would be calculated as follows

| <b>Beg Acct Value</b> | <b>Ending Acct Value</b> | <b>Fee</b> |
|-----------------------|--------------------------|------------|
| 0                     | \$150,000                | 2%         |
| \$150,001             | \$1,000,000              | 1.5%       |
| \$1,000,001           | \$3,000,000              | 1%         |
| \$3,000,001           | \$10,000, 000            | .75%       |

Acct # 1 Balance as of 09.30.2013 \$350,000

Acct # 2 Balance as of 09.30.2013 \$ 75,000

|  |                |
|--|----------------|
| Total Assets under Management          | \$425,000      |
| Blended Fee Rate                       | 1.59% per year |
| <b>Qtrly</b> fee based on a 90 day qtr | \$1,687.50     |

### **Wealth Management**

The fee for the Wealth management program is a flat fee or based on a percentage of the client's total assets or net worth. The fees are adjusted based on the complexity of each case. Initial fees are determined at the beginning of the relationship and are stated in the signed client contract. If the fee is based on the client's net worth or assets the fee may be determined annually or quarterly depending on the type of assets that need to be valued. The fee is billed to the client quarterly in advance.

Typical Wealth management Fee ranges from \$3,000 per year to \$50,000 per year.

### **Consulting Service, Hourly**

Consulting fees will be based on an hourly charge ranging up to \$300 per hour or a flat fee. The fee will depend on the nature and complexity of the client's consulting needs. All fees are agreed upon prior to entering into a contract. Alcorn has a minimum consulting fee of \$750. The minimum fee may be negotiable. The client will be invoiced in advance for flat fees, and on a monthly basis for hourly fees. An upfront deposit on hourly fees may be requested.

### **Fee Billing**

Private clients may choose to have fees deducted from a designated brokerage account at their qualified custodian. The client must approve in writing the direct debiting of their investment account. Private clients may also choose to pay through ACH or credit card. The ACH or credit card payments need to be authorized each time. All fees are charged in advance.

If the advisory contract is terminated the client will receive a pro-rated refund for the fee paid during the quarter the contract was terminated. Clients should terminate their contract in

writing. We will take the last fee charged to the client and pro-rate it based on the number of days the client was in the program for that particular quarter. The refund will be received as a credit to the client's account or the client could receive a reimbursement check.

### **Other Fees & Conflicts of Interest**

Investment advisory services are separate and distinct from fees and expenses charged by mutual funds and/or ETFs to their shareholders. The fees of each fund can be found in each of the Fund's prospectuses. Fees will generally include management fees, other fund expenses and may include distribution fees. We encourage our client's to review a fund's prospectus carefully. Clients can invest in certain funds directly, without the service of Alcorn.

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange traded funds. In some cases, custodians also charge an annual custody fee. Fees for custody are disclosed to the clients prior to the client opening an account with a custodian. Please see the section entitled, "Brokerage Practices" for more information.

We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. All such fee arrangements are disclosed to and subject to negotiation with the client. Our current minimum advisory fee is \$1,500 per year.

We will aggregate accounts together to give the client a blended discounted fee. Our normal practice is to combine accounts for clients in the same household.

Related persons of Alcorn may also be licensed insurance agents and may recommend that a client purchase an insurance or annuity product. Clients are under no obligation to purchase these products through Alcorn employees. If a client does decide to purchase a fixed insurance / annuity product recommended by a Alcorn employee the client should be aware that the employee may receive additional compensation. It is our goal at all times to put the interest of the client first; however clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

In order to address conflicts of interest we educate are employees on our fiduciary duties as a firm. Our responsibility is to always put the best interest of the client first. We acknowledge that even with a firm wide concept of client first, conflicts still occur. We try to remove as many conflicts as possible, and we discuss these conflicts with our clients in advance.

Clients always have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with Alcorn. Sometimes these products may be at a lower cost than they would be through Alcorn.

## **Item 6 Performance Based Fees & Side-by-Side Management**

Alcorn does not participate in any type of performance based fees.

## **Item 7 Types of Clients & Account Requirements**

Alcorn generally provides investment advice to individuals and trusts. A minimum account size of \$150,000 is required to open an account. This minimum is negotiable based on certain circumstances.

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

### **Methods of Analysis**

In evaluating equities we primarily use technical analysis. The main source of our information is Morningstar, Google, and company websites. Equities are selected by screening funds that meet certain criteria. We look at price performance over 30, 60, 120, and 240 market days, nearness to 52-week high and other performance based measurements.

Our securities analysis methods rely on the assumption that publicly available information about these securities is accurate and unbiased. There is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

We have one model portfolio for equities. At the start of each quarter, if equities (either domestic or international) are in an uptrend, then equities are assigned the maximum allocation for the quarter. If both domestic and international equities are in downtrends, then equities are assigned the minimum allocation for the quarter.

The equity portion of the portfolio consists of equal allocations to US Styleboxes, international, and hard asset classes from Morningstar's asset class rankings above average, average being the "Russell 3000 Index."

The fixed portion of the portfolio is a broad based index fund like "VBMFX" or "AGG" or an agreed upon fixed equity. If the bond asset class is in a bear market state, the fixed portion is kept in cash/money market or an agreed upon fixed equity.

### **Risk Profiles**

Conservative max. allocation 30%

Moderate max. allocation 60%

Aggressive max. allocation 100%

### **Risk of Loss**

All investment programs have certain risks. Alcorn manages portfolios with a goal of getting a good rate of return for the amount of risk taken. The following risks may be associated with all of our investments and portfolios: loss of principal, interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, liquidity risk, credit risk, counterparty risk, financial risk and

emerging markets risks including, but not limited to, political risk, less developed and/or efficient trading markets, differing accounting and legal standards, etc.

Securities investments are not guaranteed and you may lose money on your investments.

## **Item 9 Disciplinary Information**

### **Legal and Disciplinary**

The firm and its employees have not been involved in any legal or disciplinary events related to past or present activities.

## **Item 10 Other Financial Industry Activities & Affiliations**

### **Activities**

Related persons of Alcorn may also be insurance agents for insurance companies. In this capacity individuals may receive revenue from the sale of fixed insurance and annuity products that a client purchases. The receipt of compensation is not part of the advisory services we provide.

This additional activity may create a material conflict of interest in the providing of investment advice (and other services to you). We manage these conflicts of interests through various means, including but not limited to the following:

- 1) Disclosure (this Form ADV, Part 2 A) of the outside business activity.
- 2) Our investment selection process is centered on knowing our client and then prudently advising our clients which investments align with their individual needs, total return objectives, risk tolerance, complete financial picture, and personal and family obligations with no consideration to commissions or management fees.
- 3) Internal controls, including Policies and Procedures for all aspects of our various services.
- 4) The designation of a Chief Compliance Officer (CCO, as required by FINRA and SEC rules applicable to registered investment advisors).
- 5) Compliance Program Administration (by the CCO and designated managers and supervisors).
- 6) Compliance monitoring and exception reporting to the CCO and all IARs.
- 7) Periodic compliance training for all employees (at least annually).
- 8) A Code of Ethics which includes prohibitions on insider trading, reporting of all brokerage accounts and securities holdings, restrictions on gifts, entertainment and gratuities, among other provisions (and our monitoring off all personal trading and outside business activity for registered employees and non-registered employees).
- 9) An annual "review and assessment" of our investment advisor compliance program(s) assessing the adequacy of the programs and their implementation.

### **Affiliations**

The maintenance of proficiency with a minimum of 40 hours per year of continuing education in the field of financial planning distinguished the RFC® from other professionals. The International Association of Registered Financial Consultants (IARFC) is convinced that extensive on-going professional education is essential for an advisor to serve the public effectively.

The American Association of Private Lenders (AAPL) is the national organization representing the private real estate and peer-to-peer lending industry. We believe our principles – excellence, ethics, and education – are the cornerstone for success in the industry.

Related persons of Alcorn may also be Investment Advisors Representatives with other Registered Investment Advisors for discretionary and non-discretionary investment management.

We may at times recommend clients use certain legal or tax professionals based on the client's needs, however we do not receive any separate compensation for these referrals.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

### **Code of Ethics**

Alcorn has a Code of Ethics in place. This Code of Ethics is reviewed on an annual basis for any necessary revisions and signed and acknowledged by the employees on an annual basis. Our Code of Ethics outlines the established rules of conduct for all Alcorn employees. It is designed to govern personal securities trading for employees, the acceptance and delivery of gifts and entertainment from or to clients, the protection of client information, our fiduciary duty to our clients among other things. Clients may request a copy of our Code of Ethics emailing Ethic Officer as [ethics@jeffreycerny.com](mailto:ethics@jeffreycerny.com) or by calling (888) 475-7535.

### **Participation or Interest in Client Transactions**

Employees of Alcorn may buy or sell securities that are also held by clients. As these situations represent a conflict of interest, the Advisor has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A Director, officer or IAR shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her affiliation with the Advisor, unless the information is also available to the investing public on reasonable inquiry. No person shall prefer his or her own interest to that of the advisory Clients.
- 2) All Clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 3) The Advisor emphasizes the unrestricted right of the Clients to decline to implement any advice rendered, except in situations where a Third Party Advisory Service is granted discretionary authority in the Client's account.
- 4) The Advisor requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

Furthermore employees may not enter trades for a security in their own personal account before entering trades in client accounts.

Jeffrey Cerny review all trades with special attention being paid to employee or employee related trades. Jeffrey Cerny's personal trades are reviewed and documented to ensure compliance with our Code of Ethics. The sizes of the trades that are entered are not considered significant, and should not affect the securities market.

### **Clients with accounts at Equity Trust Company – ETC Trade Error Process**

From time-to-time, Advisor or IARs may make an error on a requested transaction. If an investment gain results from the correction of the error, the gain remains in the Client account unless the same error involved other Client account(s) that should have participated in the gain. In such a case, either all Client Accounts keep the gain, or the gain is removed from all Accounts. Gains from trade errors will be documented and discussed with you (and other impacted clients) to determine if you want to forgo the gain (for example, due to tax implications). Alcorn Investment, does not, itself, maintain a trade error account at Equity Trust Company.

For those errors that the Advisor created, the Advisor will make sure to make the Client whole from any losses arising from the error based upon the following:

If the transaction was suitable for the Client, the gain remains with the Client;

If the transaction was not suitable (for any number of reasons) for the Client, the gain will be removed from the Client Account(s) (and the appropriate trade that should have been executed on behalf of the Client will be implemented on an “as-of” basis).

For trade errors that were created by the Client’s custodian, or third party executing broker dealer, the responsible party is obligated to compensate the Client for the amount of the error (loss) as if the trade had not occurred. In the case of profits, trade errors that result in a gain which are caused by any party other than Alcorn Investment will be retained by the Client.

## **Item 12 Brokerage Practices**

### **Selecting Brokers/Custodians**

Alcorn does not maintain custody of your asset that we manage although we may be deemed to have custody of your assets if you give us authority to withdraw our fee from your account (see Custody, below).

When selecting custodians / broker dealer to recommend to clients we consider a wide range of factors, including among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Availability of investment products (stocks, bonds, mutual funds, exchange traded funds, etc.)
- Quality of services
- Competitiveness of the prices of services and the willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our customers

With this in consideration, our firm has an arrangement with Equity Trust Company (“ETC”). Equity Trust offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. These services do not incentivize

us to recommend ETC. Our recommendation is based on our clients' interests in receiving best execution and the level of competitive, professional services ETC provides.

### **Equity Trust**

Equity Trust's administration and commission rates applicable to our client accounts were negotiated based on our clients collective assets in accounts at Equity Trust.

#### Products and Services Available to Us from Equity Trust

Equity Trust Advisor Services is Equity Trust's business serving independent investment advisory firms like us. They provide us and our clients with access to institutional brokerage-trading, custody, reporting, and related services-many of which are not typically available to Equity Trust retail customers. Equity Trust also makes available various support services at a cost. Some of these services help us manage or administer our clients' accounts; while others help us manage and grow our business. They include software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### Services That Benefit You

Equity Trust's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Equity Trust include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services.

### **Soft Dollars**

We do not receive soft dollars, products or services acquired with client brokerage commissions.

### **Brokerage for Client Referrals**

Alcorn or any related person of Alcorn does not receive referrals from a broker dealer or third party.

### **No Directed Brokerage**

We do not allow client-directed brokerage, as trades in our clients' accounts are executed through Equity Trust, a qualified custodian and broker-dealer; neither do we direct client transactions to Equity Trust in return for soft-dollar benefits.

Clients have the option to determine if they would like their accounts custodied with Equity Trust. We will provide the client with information on the custodian/broker dealer however the client has the final decision on where to maintain their account. If a client would like to have their trades executed through another broker besides Equity Trust then we will not be able to directly manage the account (enter trades, make requests on your behalf).

## **Item 13 Review of Accounts**

### **Periodic Reviews**

- (1) Account Review Meetings: the frequency of this type of review is determined on a client by client basis. This type of meeting could be set up quarterly, semi-annually or annually based on the needs of the client. The main focus of these meetings could change by quarter with a general focus on performance reviews, investment reviews and recommendations, cash flow monitoring, risk tolerance and objective review.

### **Review Triggers**

Account reviews may be performed outside of the standard procedures when a client's investment objectives or life circumstances change, when a client requests a review, and, in the case of discretionary accounts, when the target asset allocation of the underlying portfolio is changed.

### **Regular Reports**

Performance reports are sent to all investment management clients on a quarterly basis. At a minimum the reports contain performance information for the quarter and year to date, market values, dividend and interest income, and year to date management fees, and the holdings as of the date of the report.

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

### **Incoming Referrals**

Alcorn accepts referrals from clients, attorneys, accountants, friends and other sources. Alcorn has no arrangement whereby it directly or indirectly compensates any person for client referrals to Alcorn

### **Referrals to Other Professionals**

Typically Alcorn only refers financial professionals to third party investment advisors but in some cases Alcorn may refer retail investors to a third party investment advisor.

When Alcorn refers a retained investor to a third party investment advisor Alcorn will provide proper disclosure of the arrangement to the retail investor. Disclosure will be made at the time of solicitation and will include a description of Alcorns arrangement with the third party investment advisor and a description of the compensation arrangement. Alcorn will also provide to the retail investor a copy of the third party investment advisors ADV disclosure brochure.



Alcorn is compensated for its solicitation activities to third party investment advisors. The exact compensation arrangement will vary depending on the arrangement with the investment advisor firm. However, Alcorn is usually paid a referral fee based on a portion of the management fee charged by the investment advisor to clients that invest with the investment advisor through a financial professional originally referred to the investment advisor by Alcorn. The portion of the managed fee paid to Alcorn may be as high as 50% of the overall fee received by the investment advisor. Fees paid to Alcorn may be in the form of a sliding fee schedule that increases as the amount of assets originally referred by Alcorn to the investment advisor through third party financial professionals increases.

## **Item 15 Custody**

### **Account Statements**

All client assets are held with a qualified custodian who will provide account statements directly to your address of record or email if you elect, at least quarterly. You should carefully review those statements promptly when you receive them and immediately raise any questions with us about the custody, safety or security of your assets.

## **Item 16 Investment Discretion**

None

## **Item 17 Voting Client Securities**

Alcorn does not have the authority to vote proxies on behalf of its clients. Clients will receive proxies or other solicitations directly from the custodian or transfer agent not from Alcorn. If a client has a specific question and would like to discuss it with an Advisor they may do so by calling our office at (888) 475-7535.

## **Item 18 Financial Information**

### **Financial Condition**

Alcorn does not have any financial condition that will preclude us from meeting our contractual commitments to our clients. No management person has been subject to bankruptcy proceeding.