

## **WRAP FEE PROGRAM BROCHURE**

Disclosure Statement

### **LCM Capital Management Inc.**

[CRD # 111074/SEC # 801-67893]

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#### **“LCM Private Asset Management Group Advisory Services” or “LCMAM”**

This wrap fee program brochure provides information about the qualifications and business practices of LCM Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number above. 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 LCM Capital Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) /the Investment Adviser Public Disclosure site.

*A wrap fee program brochure takes the place of the advisory firm brochure required by Part 2A of Form ADV, but only for clients of wrap fee programs the adviser sponsors. See SEC rule 204-3(d) and similar state rules. Note: The advisory services offered by LCM Capital Management, Inc. are a wrap fee program, described in its ADV Part 2A. Additional information required by the “Supplement” is disclosed here. See also: Our “Privacy Statement.”*

April 12, 2017

## **Item 2. *Material Changes***

### **Annual Update**

Amendments to our *wrap fee program brochure* as of April 12, 2017.

### **Material Changes**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing of this brochure, the address of LCM Capital Management Inc. has been updated to the firm's current address.

In addition, LCM has updated its disclosure concerning the transaction costs in connection to the LCMAM wrap program.

Notes: You do not have to provide this information to a *client* or prospective *client* who has not received a previous version of your *wrap fee program brochure*.

### **Item 3: Table of Contents**

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## Item 4. *Services, Fees and Compensation*

### Services

Services, including the types of portfolio management services and the wrap fee charged LCM Capital Management, Inc.'s "Private Asset Management Group" or "LCMAM" provides five private client portfolio types.

- **Core Equity** portfolio includes large cap growth and value companies that dominate their respective fields.
- **Global Equity** Accounts comprise large cap growth and value global leaders that dominate on an international basis.
- **Asset Allocation** portfolios include equity and fixed income positions tailored to meet each client's specific risk profile.
- **Custom Managed** Accounts are customized portfolios for clients who require special care when merging old portfolios into new strategies, in which case a step-by-step program is designed to enable that integration.
- **Fixed Income** Accounts are customized to cater to a client's specific needs, such as monthly income, deferred lump sums, laddered portfolios, or a combination of fixed income vehicles.

LCM provides:

- A simple contract annual fee
- Monthly statements (via custodian)/Quarterly Summaries  
Realized / Unrealized gain or loss  
Performance Benchmarks Reports  
Transaction Summary  
Interest Dividends & Expenses Reports
- 1099 Reconciliation

We provide financial services that help our clients manage their 401k, SEP, all IRAs, Trusts, Joint, Individual and Deferred Compensation Plans. We also offer our free Forensic Cost and Risk Analysis® portfolio review and assistance in tax planning strategies to help our clients maximize their returns.

LCM's Financial Advisor uses the account and financial information a client provides to determine that client's investment goals and risk profile. We strongly urge our clients to make every reasonable attempt to keep this information current and correct.

When changes in a client's goals or finances occur, that client should contact LCM's Financial Advisor or LCM Capital Management as soon as possible to inform the adviser of the changes. Annually we do ask all our clients if their financial situations have changed to notify us.

## Fees

LCM calculates its fees based upon the client assets initially brought under management. The fee will be deducted from the account on a monthly basis, in arrears, **according to the following maximum fee schedule.**

### **Equity Accounts, Annual Fee (%) (Minimum Amount to open \$25,000)**

\$25,000 - \$99,999 - 3.00%  
\$100,000 - 249,000 - 2.75%  
\$250,000 - 499,000 - 2.50%  
\$500,000 - 999,000 - 2.25%  
\$1,000,000 or more - 1.50%

**Fees are negotiated based on the portfolio size, complexity, asset allocation and overall relationship of the individual and/or Family related business and length of relationship. The negotiated fee can only be lower, not higher, than the maximum amount.**

### **Fixed Income Accounts, Annual Fee (%) (Minimum Amount to open \$100,000)**

\$100,000 - 499,000 - 1.50%  
\$500,000 - 999,000 - 1.00%  
\$1,000,000 or more - 0.75%

In certain circumstances, all account minimums may be negotiable.

## Transaction Costs

LCM will absorb all transaction costs related to its investment management services under this wrap arrangement. These include commissions on equity trades, and ticket charges, trade away fees and prime brokerage fees on fixed income trades. In addition, LCM will pay all custodial fees, and account set-up fees. LCM does not pay SEC fees. LCM also will not pay those costs that are embedded in the price of the security such as mark ups or markdowns on the purchase or sale of fixed income instruments. Nor will it pay any fees associated with mutual funds.

Since the fees are all inclusive, absorbing all fees for selling and buying (except as noted above), the 3% fee for accounts under \$99,000 may be higher than most investment advisers for like size portfolios. LCM intends to stay in compliance with section 205 of the Investment Advisers Act of 1940 regarding contractual requirements. We calculate the fee for a given month by multiplying the stated fee times the portfolio's month end value, divided by the number of days in a year, times the number of days in the month being billed.

**Alternative considerations:** LCM's program may cost our clients more or less than purchasing such services separately. A client could also:

- Manage the portfolio on her or his own, saving the advisory fee portion and paying brokerage commissions according to the client's chosen frequency of trades;
- Manage the portfolio through a traditional broker relationship, in which instance the fiduciary duty and matters of suitability are not on the same level as with an investment adviser, and brokerage charges would follow on the recommendations provided by the brokerage firm;
- Use the advisory services of another adviser, on either a discretionary or a non-discretionary basis, paying that advisory fee and commission charges according to the trades to be effected to put the investment advice into practice.

If a client chooses an alternative that effects frequent trades, the commissions are likely to be higher than those subsumed in LCM's wrap fee program; if the client effects few trades, holding securities purchased for the long term, then the commissions paid would possibly present a lower

cost than those included in the wrap fee. Transaction costs on a given portfolio may or may not exceed the fees paid under a client's Private Client Portfolio.

Advisory fees can be higher or lower than those LCM charges. The total fee is paid to LCM and its portfolio managers. All commission charges payable to a broker/ dealer are included in the fee and are LCM's responsibility.

When evaluating LCM's investment programs, a client should consider the benefits and costs involved in purchasing the services separately instead of as a "wrap fee." Some of the costs and services a prospective client should consider are:

- Transaction costs (brokerage commissions) and the ability to lower them by negotiation
- Time required to consider the investments carefully and make choices – the costs, time and quality involved in researching the great variety of investments
- Ability to place orders for transactions in the market in a timely and efficient manner
- Possible lost opportunities
- Portfolio reporting and tax lot planning

### **Fees in addition to the wrap fee**

Fees pertaining to Equity and Bond transactions are included in LCM's advisory fees. If a client or the firm terminates/cancels the agreement for advisory services, for any reason (upon receipt of 30 days written notice), any unpaid fees will be due and payable. In certain circumstances, due to the expense of setting up Private Client Accounts, if a client terminates an advisory agreement within the first two years, our firm will charge a per account termination fee of \$750.00, or, in the case of partial liquidations, LCM may levy a transaction charge of \$20.00 per trade for the liquidated positions. In addition, for any agency-cross trades, the seller may incur a buy/sell transaction charge of a total of \$40.00.

The Form ADV Part 2A requires LCM to disclose *"if the person recommending the wrap fee program to the client receives compensation as a result of the client's participation in the program"* and to explain, *"if applicable, that the amount of this compensation may be more than what the person would receive if the client paid separately for investment advice, brokerage, and other services. Explain that the person, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services."*

The wrap fee program with its various portfolios is the service LCM offers as an investment adviser and for which our firm is paid. Item 4's question D is intended for other advisory situations.

Nonetheless, because LCM's fees, inclusive of brokerage commissions, may in some cases be more than what a recommending broker would receive if the same client participated in other programs or paid separately for investment advice, brokerage and other services, the recommending broker may have a financial incentive to recommend LCM's program over other programs or services.

## **Item 5. Account Requirements and Types of Clients**

### **Account Minimum**

- Core Equity (LCMCE) requires a minimum initial investment of \$100,000.
- Global Equity (LCMGE) Accounts require a minimum investment of \$100,000
- Asset Allocation (LCMAA) Accounts require a minimum investment of \$25,000.
- Custom Managed (LCMCM) Accounts require a minimum investment of \$100,000.
- Fixed Income (LCMFI) Accounts require a minimum of \$100,000.

**LCMAM** requires a minimum account of \$25,000 for Private Client Equity Investment Supervisory Services and \$100,000 for Fixed-Income Advisory Services.

### **Type of Clients**

Typically our clients include primarily individuals (high-net worth and others), and pension plans. We are prepared to provide services to other types of clients as well, such as:

- corporations and other businesses,
- charitable organizations,
- estates, and
- trusts

## **Item 6. *Portfolio Manager Selection and Evaluation***

### **Portfolio Managers**

The Advisors have been selected because of their background and training each with over 29 years in combined financial industry experience. The advisor's principle objective is to seek long term capital appreciation through portfolios customized to meet clients' selected objectives and risk tolerances.

The two portfolio managers are Mr. Nowicki and Mr. Wozny, the firm's principals; they do not select and review other persons to act as managers. Together they review all the performance reports for the accounts; they do not use any third party to do so. Over time, their calculation of performance information may have modified and may not be uniform and consistent.

LCM's principals are the portfolio managers for the wrap fee program. No other firm or person ("related person" meaning a firm or person that controls us or that we control through ownership or as officers) performs this function.

### **Conflicts of Interest**

In establishing a LCMAM account, client elects to appoint TD Ameritrade as the sole and exclusive broker/dealer and custodian with respect to processing securities transactions for the Program account. The Advisor does not maintain custody of client assets.

Securities transactions for Program account are effected without commissions being charged to client. While Advisor makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of TD Ameritrade as the sole broker/dealer and custodian may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through TD Ameritrade, Advisor considered the capabilities of TD Ameritrade or other client-approved custodian.

Although client will not be charged a transaction charge for transactions through TD Ameritrade, client should be aware that Advisor will be required to pay transaction charges to TD Ameritrade. The transaction charges borne by Advisor vary based on the type of transactions (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or subtransfer agent fees that are retained by the custodian in amounts sufficient to cover the majority of trading costs. Client should understand that the cost to Advisor of transaction charges may be a factor the Advisor considers when deciding which securities to select and whether or not to place transactions in a Program account.

No principal transactions are effected by Advisor in Program accounts.

Advisor may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated



transactions will be averaged, and the client will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

Advisor may receive support services and/or products from TD Ameritrade, which assist the Advisor to better monitor and service Program accounts maintained at TD Ameritrade. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Advisor in furtherance of its investment advisory business operations. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Advisor to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Advisor and advisory representatives may receive additional non-cash compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

The Program may cost the client more or less than purchasing Program services separately. Factors that bear upon the cost of the Program account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.

The Annual Fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Program account.

The Advisor receives compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs or paid separately for investment advice, brokerage and other client services. Therefore, the Advisor may have a financial incentive to recommend the Program account over other programs and services.

### **Advisory Business**

The Advisor offers clients an asset management account through the Program in which the Advisor directs and manages Program assets for client.

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

### **Sharing of Capital Gains**

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

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

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

LCM employs various forms of investment evaluation analysis and investment strategies, singly or together.

**Caution: Investing in securities involves risk of loss.**

The forms of investment analysis our firm may employ include :

- Charting
- Fundamental analysis
- Technical analysis
- Cyclical analysis

Our trading strategies include holding for the long term (a year or more), short term investments (traded within a year) and sales within 30 days of purchase. Short sales, margin and options are strategies we may use, as suitable, for higher risk clients. All these strategies are intended to enhance the portfolio's value and ability to meet a client's stated goals.

What may be regarded as "frequent trading" varies according to both client and to the type of security involved. We consider rebalancing portfolios as their proportional segments gain or lose value, to maintain the intended, relative diversification. Frequent trading is not a concern for a wrap fee program; rather, wrap fee programs may cause hesitation to effect transactions to save costs. The stated portfolio goals and composition mitigate against avoiding transactions.

As noted previously, our advisory representatives may provide recommendations that include investments such as limited partnerships and private placement partnerships. When appropriate to the goals of the client, LCM Private Asset Management Group Services may recommend the use of trading (securities sold within 30 days), margin transactions or option writing. Because these investment strategies involve certain degrees of risk, we will recommend them only when consistent with the client's stated risk tolerance.

**Charting** – includes a variety of means of analysis that correlate charts, graphs, and similar **market information** to detect patterns that are judged to be predictable, to reoccur in essentially the same way, given the same chartable factors or relationships among factors. It seeks to predict trends and notice variations in those trends, using various calculated **averages**.

**Risks** inherent in using a charting method of analysis: Charting assumes 1) an accurate correspondence between real events and the factors charted by those selecting the data; 2) and that patterns can be detected in such charts such that 3) they are recognizable in advance, predictable as extrapolated from recurring and therefore essentially mechanistic financial events. It is a complicated theory with a 100 year historical record. It depends upon a basic assumption that the fundamental influencing financial parameters are not radically different in the time periods considered. That assumption is a concept that recently has been questioned on a number of levels.

Particular stocks may diverge from the market/ sector averages radically. Charting may therefore need to be paired with another form of analysis such as fundamental or technical analyses in order to look more closely at particular securities.

The time period most suitable for use in charting analyses is dependent upon the investor's holding

period, portfolio structure, and other factors. The choice of relevant segments of performance over time and the understanding of their place in mapping the forces within the larger time period framework is another consideration. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

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**Cyclical** – This form of analysis classifies sector types of stock and possibly specific stocks with regard to their relation to recurring up and down business cycles and/ or market movements. Certain kinds of stock show marked tendencies to mirror these larger economic movements, either directly or inversely. Automobile industry stocks, housing stocks, and many others belong to these groups. Others, such as food-related stocks, have little or no relation to these cyclical economic movements. It is important for the analyst using cyclical predictors to have a good understanding of how certain industries relate to the overall economy and any verifiable changes occurring within the system, to ascertain which business sectors will be affected and how greatly by economic changes.

**Risks** inherent in using a cyclical method of analysis: The analysis is applied to limited kinds of stocks, which either could limit a portfolio or require other forms of investing whose analyses would then need to be related to and integrated with the concepts and investment goals inherent in a cyclical view. Understanding business cycles is a complicated endeavor at the least. The time involved in these cycles is generally longer historical periods whose effectiveness may easily be eclipsed by other forms of market action.

Changes in the economy may vary in the magnitude of their cyclical effects from period to period. Deciding when to enter into a predicted cycle and when to leave can require very careful monitoring; demand for certain cyclical industry items may not always be predictable if a significant portion of consumption is from certain foreign purchasers, the Chinese Peoples Republic, for example. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

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**Fundamental Analysis** – Called the “bottom-up” approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm/** company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm’s management, its debt, equity and cash flow, history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm’s balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm’s stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

**Risks** inherent in using a fundamental analysis: The factors involved can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of

the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets' and other reports' numerical information from such possible manipulation may not be readily verifiable.

Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

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**Technical** – Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations** for a **given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used.

The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

**Risks** inherent in using a fundamental analysis: Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understanding(s) offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways.

Use in a highly volatile market, sometimes termed "dynamic," may have to evaluation possible indications that the underlying causal relationships may be shifting.

We may obtain our information from many sources, including:

- Annual reports, prospectuses, and filings with the SEC

- Company press releases
- Corporate rating services
- Financial newspapers, magazines and other media
- Inspections of corporate activities
- Research materials prepared by others

**Caution: Investing in securities involves risk of loss.**

## **Item 7. *Client Information Provided to Portfolio Managers***

*[see also: our firm's Privacy Policy Statement, provided to you initially and annually]*

Our investment advisory representative will interview each client and gather information regarding a client's financial situation and investment goals and risk tolerance in order to place that client in one or more of the program portfolios as will suit the client's profile. The information we obtain comes from the client and is used in-house for the client.

Clients will also have to complete, with our assistance, the necessary brokerage account forms to affect trades on their behalf.

When changes in a client's goals or finances occur, that client should contact LCM's Financial Advisor or LCM Capital Management as soon as possible to inform the adviser of the changes.

## **Item 8. *Client Contact with Portfolio Managers/Advisory Availability***

The portfolio managers and advisors are available during normal business hours and other hours as requested for client questions and/ or conferences.

## **Item 9. *Additional Information***

### **Disciplinary Information**

#### **Criminal or Civil Actions**

Neither the firm nor its management has been involved in any criminal or civil action.

#### **Administrative Enforcement Proceedings**

Neither the firm nor its management have been involved in administrative enforcement proceedings.

#### **Self Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

#### **Broker-Dealer or Representative Registration**

Two of LCM's investment advisory representatives are also licensed as registered representatives with a registered broker-dealer. However, they receive no commissions from any trades made by clients in the LCMAM program. The outside business activity for each investment advisor representative is disclosed in their ADV Part 2B supplement to this brochure.

#### **Futures or Commodity Registration**

Neither the firm nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

## Other Financial Industry Activities and Affiliations

LCM's relationship to TD Ameritrade Institutional is purely custodial. There is no conflict of interest since there is no obligation to use TD Ameritrade Institutional and no financial compensation from TD Ameritrade Institutional for doing so.

Mr. Nowicki is a licensed insurance agent. From time to time he may offer clients advice or products from this activity. He spends a minimal amount of time in this business practice. This practice represents a conflict of interest because it gives Mr. Nowicki an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Nowicki has a fiduciary responsibility to place the best interest of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Mr. Wozny is a licensed insurance agent. From time to time he may offer clients advice or products from this activity. He spends a minimal amount of time in this business practice. This practice represents a conflict of interest because it gives Mr. Wozny an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Wozny has a fiduciary responsibility to place the best interest of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Brad H. Rosley is the sole owner and President of the **Fortune Financial Group, Inc.** (CRD # 1559979), an Illinois state registered investment adviser. Fortune Financial Group provides financial planning services to its clients. If LCM's advisory clients indicate that they desire Mr. Rosley's services, they must understand that he will charge them fees for those services in addition to those they pay to LCM; if Mr. Rosley recommends his firm's services, such a recommendation will create an inherent risk for a conflict of interest due to the incentive to earn the fees. This disclosure is the principle means to address this potential conflict. LCM does not in any way obligate its clients to use the services that Fortune Financial offers.

William E. Ryan, an investment advisory representative of LCM, has operated a business under the name "Retirement Services Consulting Group" since January 2017. He is a self-employed retirement plan consultant. Mr. Ryan provides qualified retirement plan consulting services to advisors and plan sponsors in navigating complex ERISA and DOL rules and regulations. He spends approximately 20% of his business time with this business, primarily during market hours. Mr. Ryan receives usual and ordinary compensation for his retirement consulting services. LCM receives none of the compensation received by Mr. Ryan for this business.

John Mahoney, an investment advisory representative of LCM, is also a registered representative with Advantage Securities, LLC and an Executive Vice President at Advantage Futures LLC. He is also President of M Management Group, Inc. a business consulting firm. Mr. Mahoney spends approximately 90% of his time with these business groups. He receives the usual and ordinary compensation from them. LCM does not refer business to these groups nor does LCM receive any compensation from these businesses.

LCMAM participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, LCMAM participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is

no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

#### **Code of Ethics/Advisory Persons' own trading and possible personal interest in our clients' trades**

LCM principals, employees and investment advisory representatives are bound by the LCM Capital Management, Inc. Code of Ethics, which they have all read and affirmed. A copy of the LCM Code of Ethics is available if requested by the client.

Our Code of Ethics describes our policies and procedures designed to make our firm abide by the law's prohibition against insider trading, including our reviews of our own associated persons' trades, among other ethical considerations. It states general standards of conduct for a fiduciary and establishes, among other provisions, policies and procedures to monitor our associates' investment activities. We review certain of our associates' trading activities and holdings to enforce the prohibition against using insider information.

Our Code of Ethics provisions include:

LCMAM or individuals associated with LCM may buy or sell securities identical to those recommended to customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of LCMAM that no person employed by LCMAM may purchase or sell any security within a week prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. As these situations represent a conflict of interest, LCMAM has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A Director, officer or employee of LCMAM 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 employment unless the information is also available to the investing public on reasonable inquiry. No person of LCMAM shall prefer his or her own interest to that of the advisory client.

2) LCMAM maintains a list of all securities holdings for itself, and any persons associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of LCM.

3) LCMAM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

4) Any individual not in observance of the above may be subject to termination.

**A. & B.** [see also: Form ADV Part 1A, Item 8. (A-F)]

Our firm and its associates **do**

- conduct “**agency cross transaction**” that use a registered broker-dealer.
- recommend securities (or other investment products) to our advisory clients in which our firm or any person or other firm related to our firm has some other proprietary (ownership) or other financial interest
- buy or sell for the firm or for themselves shares of mutual funds that they may also purchase for advisory clients’ accounts at their clients’ request;

[from Form ADV Part 1A, Item 8. (A-F)]

Our firm and its associates **do not**

- buy securities for the firm or for themselves from advisory clients (principal transactions);
- sell securities the firm or its associates own to advisory clients (principal transactions);

### **C. Personal Trading.**

When our firm or its personnel buy or sell securities for their own accounts, the principals, Mr. Nowicki and Mr. Wozny, refrain from buying or selling securities within the week prior to those that they order for their clients’ portfolios. The firm’s independently contracted advisory representatives are not privy to the firm’s investment decisions beforehand; any matching or similarity of investment they might make would be purely coincidental. We enforce this provision by keeping investment decisions confidential before placing any transaction orders for our clients.

We may aggregate or “bunch” orders when opportunity to do so exists, in order to obtain the same price for all our clients.

The possible conflicts of interest that could arise were we to recommend, or, in our discretion, buy or sell for you a security that we may also buy or sell for ourselves are:

- using your order’s market effect to benefit ourselves (“front running”);
- using your order as “inside information” that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);

Please note that using any insider information, information that is not readily available to all participants in the securities markets (upon making a reasonable effort to obtain that information), for any person, ourselves or relatives or clients or any other person, is strictly illegal and punishable by fines and imprisonment.

### **Review of Accounts**

All Individual Asset Management Program Accounts will be reviewed daily. When an account has changed 5%-10% during a given period then a more extensive review will be conducted. These reviews will be conducted by Messrs. John M. Nowicki and Gary M. Wozny.

LCM Capital Management clients will receive monthly brokerage reports from their custodians and quarterly position analysis reports from LCM Capital Management, Inc. These reports will



show gains/losses for the period and prior periods. Additional reports such as bond analysis, asset allocation and/or other information will be available as determined by the requirements of each client.

Because we send you an account statement, we urge you, our client, to compare carefully that account statement with any other statement you may receive from the account's qualified custodian. Client access via Internet (web browser) is available upon request.

### **Client Referrals and Other Compensation**

LCM Capital Management may pay a referral fee under specific circumstances in accordance with SEC Cash Solicitation Rule 206(4)-3, see below, and provides disclosures to clients that are referred.

#### **Referral Fees**

Under the SEC Cash Solicitation Rule, (Rule 206(4)-3) and comparable rules adopted by most states, investment advisers may compensate persons who solicit advisory clients for a firm if appropriate agreements exist, specific disclosures are made, and other conditions met under the rules. Under the SEC rule, a solicitor is defined as "any person who, directly or indirectly, solicits any client for, or refers any client to, an investment adviser. The definition of client includes any prospective client. From time to time LCM Capital Management, Inc. will have agreements in place with certain Industry Professionals/Finance Professionals who solicit or refer will be paid a referral fee based on a percentage of the investment advisory fee agreement collected by LCM Capital Management, Inc.. This fee (or percentage) of the advisory fee will be fully disclosed at the time of the referral and in advisory agreement. LCM Capital Management, Inc. will properly register any individual or entity that will be soliciting or referring clients on behalf of LCM Capital Management, Inc.

### **Financial Information**

A. LCM Capital Management has discretion over, but not custody of its clients' funds/ securities in this program. The ADV does not require LCM to provide a balance sheet under this item.

Custody situations include:

Direct Billing: We do practice "direct billing" – billing our fees to a client's account held by the custodian, which is defined as a form of custody, but it carries no audit requirement and is not to be marked on the ADV as "custody."

Prepayment of a fee of \$1,200 or more, 6 or more months in advance of services: No. LCM does not require payment of a fee of \$1,200 or more, 6 or more month in advance.

Our firm has no financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client. This question is important: if an investment adviser has discretion, custody or both and if its financial condition were precarious, clients would be exposed to increased risks that it might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency.

Our firm has not been the subject of a bankruptcy petition during the last 10 years.

**Part 2B: The Brochure Supplement:** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

## **Item 1. Cover Page**

This brochure supplement provides information about John M. Nowicki that supplements the LCM Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact John Nowicki, the firm's Chief Compliance Officer, if you did not receive LCM Capital Management Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about John M. Nowicki is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **JOHN MICHAEL NOWICKI**

**LCM Capital Management Inc.**  
[CRD # 111074/SEC # 801-67893]

#### **Main Office**

209 W. Jackson Blvd., Suite 777  
Chicago, IL 60606

Telephone: 312-705-3013  
Facsimile: 312-705-5044

## **JOHN MICHAEL NOWICKI**

Born: 1965 / CRD-1740120  
President; Chief Compliance Officer, from 9/2002  
Registered with the firm since 5/1/2001

### **Item 2. Educational Background and Business Experience**

#### Education:

Graduated from Indiana University 1987 Bachelor of Science in Financial Management

#### Employment:

Registered Representative/Vice President for Oppenheimer & Co. from 1991 to 11/1994  
Registered Representative/Senior Vice President for Dain Rauscher from 11/1994 to 1/2000  
Registered Representative for Madison Securities, Inc. from 1/2000 to 5/2001  
Managing Director/Adviser for Madison Asset Management, Inc. from 9/2000 to 5/2001  
Registered Representative for LaSalle St. Securities, Inc. from 5/2000 to 8/2012  
Investment Advisor Rep. for Quantum Holdings LLC dba Quantum Capital Investments from 8/2012 to 10/2013  
Managing Director/ Adviser for LCM Capital Management, Inc. from 5/2001 to 9/2002  
Independent Insurance Agent from 6/2001 to Present  
Managing Director, President, COO, CCO for LCM Capital Management, Inc. from 9/2002 to Present

### **Item 3. Disciplinary Information**

Are there events disclosed about this Investment Adviser Representative? **No**  
Is there information available about this individual in BrokerCheck? **Yes.**  
Are there events disclosed about this broker? **No**

### **Item 4. Other Business Activities**

Mr. Nowicki has a financial industry affiliated business as an insurance agent. From time to time, he will offer clients advice or products from this activity. He may receive separate yet typical compensation in the form of commissions for the sale of insurance products.

This practice represents a conflict of interest because it gives Mr. Nowicki an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Nowicki has a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

### **Item 5. Additional Compensation**

Mr. Nowicki receives additional compensation in his capacity as an insurance agent, but he does not receive any performance based fees.

This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services.

### **Item 6. Supervision**

Mr. Nowicki is himself the supervisor for the persons registered with LCM to provide investment advice to clients.

He reviews the advisory activities of the independent contractor investment advisory representatives registered through the firm. Together Mr. Wozny and Mr. Nowicki supervise the formulation of investment advice used in the construction of the firm's model portfolios used in its wrap fee program. Mr. Wozny reviews Mr. Nowicki's personal trading activities as part of the firm's measures to enforce the prohibition against using insider information.

This item requires an adviser to explain how the firm monitors the advice provided by the supervised person addressed in the brochure supplement. It also requires a firm to provide the client with the name, title, and telephone number of the person responsible for supervising the advisory activities of the supervised person.

**Part 2B: The Brochure Supplement:** Here we provide information about advisory personnel on whom you rely for investment advice. We must provide this supervised person's supplement to you, our client initially at or before the time when *that* specific supervised person begins to provide you with advisory services.

## **Item 1. Cover Page**

This brochure supplement provides information about Gary M. Wozny that supplements the LCM Capital Management Inc. brochure. You should have received a copy of that brochure. Please contact John M. Nowicki, Chief Compliance Officer, if you did not receive LCM Capital Management Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Gary M. Wozny is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **GARY MICHAEL WOZNY**

**LCM Capital Management Inc.**  
[CRD # 111074/SEC # 801-67893]

#### **Main Office**

209 W. Jackson Blvd. #777  
Chicago, IL 60606

Telephone: 312-705-3013  
Facsimile: 312-705-5044

## **GARY MICHAEL WOZNY**

Born: 1960 / CRD-1749964  
Chairman: CEO of LCM since 9/2002

Registered with the firm 4/2001

### **Item 2. Educational Background and Business Experience**

#### Education:

Graduated from Northeastern University 1982, with a Bachelor of Arts in Business

#### Employment:

Registered Representative/Vice President for Oppenheimer & Co. from 8/1991 to 11/1994  
Registered Representative/Senior Vice President for Dain Rauscher from 11/1994 to 1/2000  
Registered Representative for Madison Securities from 1/2000 to 4/2001  
Managing Director/Adviser Madison Asset Management, Inc. from 9/2000 to 4/2001  
Registered Representative for LaSalle St. Securities, Inc. from 5/2000 to 8/2012  
Investment Advisor Rep. for Quantum Holdings LLC dba Quantum Capital Investments from 8/2012 to 11/2013  
Managing Director/Adviser LCM Capital Management, Inc. from 4/2001 to 9/2002  
Independent Insurance Agent from 2/1989 to Present  
Managing Director, Chairman of the Board, CEO for LCM Capital Management, Inc. from 9/2002 to present

### **Item 3. Disciplinary Information**

Are there events disclosed about this Investment Adviser Representative? **No**

Is there information available about this individual in BrokerCheck? **Yes.**

Are there events disclosed about this broker? **No**

### **Item 4. Other Business Activities**

Mr. Wozny has a financial industry affiliated business as an insurance agent. From time to time, he will offer clients advice or products from this activity. He may receive separate yet typical compensation in the form of commissions for the sale of insurance products.

This practice represents a conflict of interest because it gives Mr. Wozny an incentive to recommend products based on the commission amount received. This conflict is mitigated by the fact that Mr. Wozny has a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

### **Item 5. Additional Compensation**

Mr. Wozny receives additional compensation in his capacity as an insurance agent, but he does not receive any performance based fees.

This item requires that the supplement describe arrangements in which someone other than a client gives the supervised person an economic benefit (such as a sales award or other prize) for providing advisory services.

### **Item 6. Supervision**

Mr. Wozny is himself a supervisor for the persons registered with LCM to provide investment advice to clients. He reviews the advisory activities of the independent contractor investment advisory representatives registered through the firm. Together Mr. Wozny and Mr. Nowicki supervise the formulation of investment advice used in the construction of the firm's model portfolios used in its wrap fee program. Mr. Nowicki reviews Mr. Wozny's personal trading activities as part of the firm's measures to enforce the prohibition against using insider information.

**LCM Capital Management, Inc.**  
Proxy Voting Procedures and Policy

The SEC requires us to inform our clients as to our proxy voting procedure and policy. As you are aware, LCM Capital Management handles the proxy voting for its clients. If you would like to handle the voting or if you would prefer now to have us vote for you, please notify us or your advisor.

LCM Capital Management has no conflicts of interest to report as of this filing in regards to our voting records. If you would like to see how we voted for you on your particular holdings or on a specific issue, please call us at 312-705-3013 or email us at [lcm@lcmcapital.com](mailto:lcm@lcmcapital.com) with your inquiry.

**LCM Capital Management, Inc.**

- Clients are permitted to place reasonable restrictions on LCM Capital Management, Inc.'s voting authority in the same manner that they may place such restrictions on the actual selection of account securities.
- LCM Capital Management, Inc. will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services.
- LCM Capital Management, Inc. will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights.
- In reviewing proposals, LCM Capital Management, Inc. will further consider the opinion of management and the effect on management, and the effect on shareholder value and the issuer's business practices.

**Conflicts of Interest**

- LCM Capital Management, Inc. will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of LCM Capital Management, Inc. with the issuer of each security to determine if LCM Capital Management, Inc. or any of its employees has any financial, business or personal relationship with the issuer.
- If a material conflict of interest exists, JOHN NOWICKI will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
- LCM Capital Management, Inc. will maintain a record of the voting resolution of any conflict of interest.