

**Part 2A of Form ADV: *Firm Brochure***

**Asio Capital LLC**

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This brochure provides information about the qualifications and business practices of Asio Capital LLC. If you have any questions about the contents of this brochure, please contact us at 859-785-4130 or [rgray@asiocapital.com](mailto:rgray@asiocapital.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Asio Capital LLC is also 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. Our firm's CRD number is 298326.

## **Item 2      Material Changes**

This Firm Brochure provides you with a summary of Asio Capital LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates - any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

This Firm Brochure includes the following material changes since our filing on 8/28/2018:

- Item 17: This Item was changed to disclose our practice of voting proxies in client accounts.

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## Item 4      **Advisory Business**

Asio Capital LLC is a SEC-registered investment adviser with its principal place of business located in Kentucky. Asio Capital LLC began conducting business in 2018.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- John Carroll Cheshire III, Member
- Ryan Tracy Osborne, Member

Asio Capital LLC offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

Our services will typically include a review of each client's financial situation, including tax planning, education planning, retirement planning, and estate planning. These services are part of our portfolio management services and are not offered on a stand-alone basis.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Mutual fund shares
- Exchange-traded funds (ETFs)
- United States governmental securities

While we will offer advice on any investment held by a client, recommendations for new investments are typically limited to those listed above.

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

**Assets Under Management:** As of 10/23/2018, we were managing \$79 million of client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.50% to 1.15% based upon the following fee schedule:

<u>Account Size</u>	<u>Annual Fee (%)</u>
\$0 - \$1,000,000	1.15%
\$1,000,000 - \$3,000,000	0.95%
\$3,000,000 - \$5,000,000	0.70%
\$5,000,000 - \$10,000,000	0.55%
\$10,000,000+	0.50%

Fees are billed monthly, in arrears, based upon the value of the client's account at the end of the previous billing period. Fees will be directly debited from the account in accordance with the client authorization in the Investment Management Agreement. A client's initial fee will be prorated based on the amount of days remaining in the calendar month. For example, a client who opens an account on September 1 with an account balance of \$1,000,000 on September 30 will be billed according to this formula:

$\$1,000,000 \times 1.15\% = \$11,500 / 365 \text{ (days in a year)} = \$31.50 \text{ (daily fee)} \times 30 \text{ (days in September)} = \$945$   
advisory fee for the month of September.

**Limited Negotiability of Advisory Fees:** Although Asio Capital LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may aggregate certain related client accounts for the purposes of determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason, upon receipt of notice. Upon termination of any account, any earned, unpaid fees will be due and payable.

**Recommended Account Size:** Asio Capital LLC recommends that individual or family clients have \$1 million or more in investable assets. We will consider smaller accounts on a case-by-case basis, and will accept such accounts if we determine that our services are consistent with the client's individual needs and circumstances.

**Mutual Fund and ETF Fees:** All fees paid to Asio Capital LLC for investment advisory services are separate

and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's or ETF's prospectus. These fees will generally include a management fee, other expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or ETF directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual funds and/or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** Asio Capital LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Asio Capital LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

Asio Capital LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Banking or thrift institutions
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We generally apply fundamental analysis to determine attractiveness of individual securities or asset classes. We believe that fundamental value is the determinant of long term investment returns. Value can be found in many different and unique ways, rendering analysis a complex and dynamic art.

## Fundamental Analysis

Fundamental Analysis is conducted considering many factors, tangible and intangible, including: economic cycle; industry trends; traditional balance sheet; and cash flow analysis, as well as the management of the company. We believe that many factors can make a company or security attractive, and that the process of portfolio construction and security selection is an art form in judgment and prudence.

Factors that we think can have a bearing upon understanding an individual company's valuation and may render it attractive may include, but is not limited to: the company's valuation in relation to all factors considered, quality of industry, quality of underlying business, quality of management and its leaders, the company's culture, how the company can be affected by the current or future economic cycle, financial strength and history, insider buying and selling, ownership of the company's securities, past and future potential growth of sales and earnings, dividend history and dividend growth, interest rates and their effect on capital structure, all traditional financial metrics and ratios, and liquidity.

Factors that we believe that can have an effect on asset class selection may include, but is not limited to: economic cycle and future probable direction, interest rate environment and trend, both institutional and retail money flows, asset class valuation relative to its history, asset class valuation relative to its alternatives, prudence of diversification, potential long term returns, and liquidity.

## **INVESTMENT STRATEGIES**

Portfolios are custom created to client's individual needs and preferences. In general an asset allocation range will be established with consultation of the client and their needs, then securities and asset classes are selected to meet the client's objectives. Investment selections may include, but are not limited to: individual securities such as common and preferred stocks, US Treasuries, agency and corporate bonds, municipal securities, MLPS, REITs, mutual funds and ETFs.

The Investment Committee will approve the selection of individual securities to represent the acceptable universe of securities, as well as set guidance for asset allocation and asset classes to be represented in portfolios in general. The Portfolio Manager responsible for each client account will then construct a portfolio for each account from that universe, considering the client's needs and economic circumstances. The Investment Committee will ratify the universe, any changes and approve broad thematic or philosophical changes no less than quarterly.

## Risk of Loss

Investing in general entails risk for which investors must be aware and willing to bear. The concept of portfolio creation and design, is to attempt to not only achieve attractive long term returns, but also control risk exposure. Investment instruments such as common and preferred stocks, US Treasuries, agency and corporate bonds, municipal securities, MLPS, REITs, mutual funds and ETFs each bear risks unique to its asset class and structure. Risks that an investor should be aware of, could include, but not be limited to:

Market Risk

Individual Security Risk

Inflation Risk

Interest Rate Risk

Purchasing Power Risk

Credit Risk

Default Risk

Political Risk

Liquidity Risk

Commodity Risk

Economic Cycle Risk

Currency Risk

We believe that consideration of risk is extremely important, not only in the obvious context of the return expectations, but also in context of liquidity and time horizon. Risk is a multi-faceted concept, and all investments entail some form of risk. Most of the time risk is easily identifiable looking backwards in time, or post event, and may not be apparent prior to their occurrence. We believe that creative investment work, deep thought, and long term market experience help identify the many forms of risk that each individual asset or investment may face, as well as how they interrelate in portfolio construction.

## **Item 9      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Asio Capital LLC and its related persons have no other financial industry activities or affiliations.

While R. Tracy Osborne, Erin Serrate and Ryan Gray hold active Kentucky insurance licenses, they are not actively selling insurance products and do not intend to conduct insurance business.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Asio Capital LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a



limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Asio Capital LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by sending an email to [rgray@asiocapital.com](mailto:rgray@asiocapital.com), or by calling us at 859-785-4130.

Asio Capital LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Asio Capital LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. 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.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts can be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security on the day of a transaction(s) being implemented for an advisory account prior to that transaction being implemented, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with

this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.

6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to disciplinary action up to and including termination.

## **Item 12 Brokerage Practices**

Asio Capital LLC will endeavor to select those brokers or dealers which will provide the best services at the lowest reasonable commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Asio Capital LLC in providing investment management services to clients. Asio Capital LLC may, therefore recommend or use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Clients may direct us to use a particular broker-dealer for all trades in the client's account. When directing the use of any broker, it should be understood that Asio Capital LLC will not have authority to negotiate commissions or to obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.

Asio Capital LLC will perform block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Asio Capital LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Asio Capital LLC, or our firm's order allocation policy.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit each client participating in the aggregated order.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Asio Capital LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Asio Capital LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Asio Capital LLC recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Asio Capital LLC is independently owned and operated and not affiliated with Schwab.

Schwab provides Asio Capital LLC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab a specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Asio Capital LLC but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Asio Capital LLC. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest. To address this potential conflict, Asio Capital LLC periodically reviews the transaction and custody services provided by Schwab to determine if our recommendation of Schwab continues to be in our clients' best interest.

## **Item 13      Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually, based on the nature of the client's account and any arrangement with the client. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by a member of Asio Capital LLC.

**REPORTS:** Clients will receive transaction confirmations and account statements (on at least a quarterly basis) from their custodians. Clients may contract with Asio Capital LLC for additional reports, the nature of which will be determined by the client and our firm.

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

It is Asio Capital LLC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Asio Capital LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15      Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

**Note:** If Asio Capital LLC switches its investment adviser registration from federal (SEC) to state (Kentucky Division of Securities), the following will apply for direct fee deduction:

- (a) Asio Capital LLC has written authorization from the client to deduct advisory fees from the account;
- (b) Each time a fee is directly deducted from a client account, Asio Capital LLC concurrently:
  - 1. Sends the qualified custodian notice of the amount of the fee to be deducted; and
  - 2. Sends the client an invoice itemizing the fee, including the formula used to calculate the fee, the amount of assets under management that the fee is based on, and the time period covered by the fee; and
- (c) At least quarterly, the qualified custodian sends to the client an account statement identifying the amount of funds and each security in the account at the end of the period and setting forth all transactions in the account during that period.

Clients may elect to establish standing letters of authorization (SLOAs) that allow Asio Capital LLC to assist the client in disbursing funds from their custodial accounts to third parties. Under current SEC guidelines, the SLOAs may be deemed to give Asio Capital LLC custody of these funds.

## **Item 16      Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to determine the following without contacting the client:

- the security to buy or sell;
- the amount of the security to buy or sell;
- the broker or dealer to be used; and

- the commission to be paid.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17      Voting Client Securities**

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account. We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Asio Capital LLC has engaged Broadridge Financial Solutions, Inc. ("Broadridge") to provide proxy voting and consulting services. Broadridge provides us with research and suggestions as to how to vote your proxies. We review the information provided by Broadridge and instruct them as to how your proxies should be voted. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and vote proxies in accordance with Broadridge's recommendation. Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Asio Capital LLC by telephone, email, or in writing.

Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Asio Capital LLC by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us by mail at 220 Lexington Green Circle, Suite 420 Lexington, KY 40503, by phone at 859-785-4130, or by e-mail at [rgray@asiocapital.com](mailto:rgray@asiocapital.com).

In an effort to continue to provide value-added service to you, we have engaged Broadridge Financial Solutions, to file class action claims on our clients' behalf. Clients are not obligated to provide Asio Capital LLC with the authority to permit Broadridge to process any claims.

Charges for the processing of class action claims shall be subject to a contingency fee assessed directly by

Broadridge in the event a recovery is made. The contingency fee shall be 20% of the total reimbursement of class actions settlement Broadridge collects for participating clients. Class action recoveries, less the contingency fee, shall be deposited directly by Broadridge into the account holding the shares subject to the class action. Asio Capital LLC does not receive any portion of the 20% contingency fee charged by Broadridge.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Asio Capital LLC has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Asio Capital LLC has not been the subject of a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

NOTE: THIS ITEM IS BEING INCLUDED BECAUSE IT IS POSSIBLE THAT ASIO CAPITAL LLC MAY HAVE TO TRANSITION FROM SEC TO STATE REGISTRATION IN 2018. AT THIS TIME ASIO CAPITAL MANAGEMENT LLC IS STILL REGISTERED WITH THE SEC. THIS ITEM WILL BE UPDATED IF AND WHEN ASIO CAPITAL LLC BECOMES REGISTERED WITH ONE OR MORE STATES.

The following individuals are the principal executive officers and management persons of Asio Capital LLC:

- Ryan Michael Gray, Member, Chief Compliance Officer
- John Carroll Cheshire, Member
- Ryan Tracy Osborne, Member
- Erin Hershey Serrate, Member

Information regarding the formal education and business background for each of these individuals is provided in their respective Brochure Supplements.

Asio Capital LLC is not engaged in any business activity other than giving investment advice.

Neither Asio Capital LLC nor our supervised persons are compensated for advisory services with performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose.

Neither Asio Capital LLC nor our management personnel have a relationship or arrangement with any issuer of securities.