

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

### **Reik & Co., LLC**

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March 20, 2019

This brochure provides information about the qualifications and business practices of Reik & Co., LLC. If you have any questions about the contents of this brochure, please contact us at 212-262-4441 or [ampierno@reikandco.com](mailto:ampierno@reikandco.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. Any references to Reik & Co., L.L.C. as a “registered investment adviser” or being “registered” with the SEC or any state does not imply a level of training or skill.

Additional information about Reik & Co., LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 142414.

## **Item 2    Material Changes**

This Firm Brochure is our current disclosure document prepared according to the SEC's current requirements and rules.

This Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. Consistent with the SEC current rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

As of the date of this Firm Brochure, there are no material changes to disclose since our last Firm Brochure filing in March 22, 2018.

To obtain a copy of our complete ADV Part 2A Firm Disclosure Brochure, individual supplemental information, our Code of Ethics or our Privacy Policy, please contact us at:

**Reik & Co., LLC**

Attn: COO

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#### **Item 4     Advisory Business**

Reik & Co., LLC is a New York limited liability company and a SEC-registered investment adviser with its principal place of business located in New York, NY and an additional office in Sarasota, Florida. Reik & Co., LLC began conducting business in 2006.

William J. Reik, Jr. is the firm's principal shareholder and Managing Member. As of 3/7/2019, we were actively managing approximately \$315,878,642 of client assets on a discretionary basis and \$22,845,657 of client assets on a non-discretionary basis for a total of \$338,724,299 in assets under management.

Reik & Co., LLC offers the following advisory services to our clients.

#### **INVESTMENT SUPERVISORY SERVICES**

Reik & Co., LLC ("Reik & Co." or "we") offers and provides clients with general asset management and investment advisory services, taking into account all aspects of each client's particular financial situation and investment objectives. Reik & Co. will render its investment advice via personal consultation with each client.

#### **SELECT INVESTOR**

Select Investor, an investment strategy employed by Reik & Co., is an equity strategy based on creating capital through long-term investment in high quality companies. Company selection criteria include: significant family or inside ownership; a strong franchise; little or no long-term debt and little or no institutional ownership.

Portfolios are constructed with concentrated positions and are subject to greater performance and volatility than broader market averages. The strategy employs very low portfolio turnover, emphasizing compounded return rather than realization of capital gains.

Our strategy focuses specifically on exchange traded securities and does not employ other types of securities to achieve our goals. Clients may choose to impose reasonable restrictions on investing in certain securities or types of securities.

## Item 5 Fees and Compensation

### SELECT INVESTOR

#### ***Advisory Fees***

Fees will be payable in arrears at the conclusion of each quarter in which services are rendered and will be based upon the market value of the assets managed by Reik & Co. as follows:

<u>Annual Rate</u>	<u>Assets under Supervision</u>
1.00%	First \$5,000,000
0.75%	Next \$5,000,000
0.50%	Over \$10 million

Fees are negotiable in that fees may vary from the above schedule to reflect special client circumstances, which may apply to a specific account.

#### ***Fixed Fees***

Reik & Co. may also provide, in limited circumstances, advisory services on a fixed annual advisory fee basis which is billed on a quarterly basis in advance or in arrears as agreed upon with a client in writing. A fixed annual fee will be based upon the level of services, amount of client portfolio assets and other client specific circumstances and agreed upon with the client. The firm does not require a retainer when accepting a fixed fee arrangement.

#### ***Conditions for Managing Accounts***

Although not a requirement, Reik & Co. recommends that clients provide a minimum asset level for new Select Investor accounts of \$500,000.

#### ***General Information on Fees:***

##### ***Negotiability of Fees***

In certain circumstances, Reik & Co.'s fees may be negotiable. Reik & Co. may charge different clients receiving the same services different fees. The above fee schedules are the firm's basic fee schedules generally charged to clients absent negotiable circumstances. 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.

### ***Calculation***

Reik & Co. will directly debit fees, upon written permission of the client or will bill the client as agreed upon with the client. If we directly debit fees, 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.

The fee charges are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Investment Advisers Act of 1940, as amended).

### ***Termination of Advisory Relationship***

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### ***Mutual Fund and ETF Fees***

All fees paid to Reik & Co., 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 prospectus. These fees will generally include a management fee, other fund 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 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 fund or funds 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.

### ***Grandfathering of Minimum Account Requirements***

Pre-existing advisory clients are subject to Reik & Co., LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

### ***ERISA Accounts***

Reik & Co., 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. To avoid engaging in prohibited transactions, Reik & Co., LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Reik & Co., LLC's advisory fees.

### ***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 \$1,200 more than six months in advance of services rendered.

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

Reik & Co., as a matter of policy and practice, does not charge any performance-based fees for its portfolio management services.

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds and/or hedge funds. In such circumstances, potential conflicts of interest may arise by and between the clients and the mutual and hedge funds, e.g., performance fee arrangements. Reik & Co. does not have these relationships, so we do not have side-by-side management potential or actual conflicts of interests.

Our firm, has not in the past and, currently does not manage any client relationships for mutual funds or hedge funds or charge any performance fees.

## Item 7 Types of Clients

Reik & Co., LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations

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

Select Investor, an investment strategy employed by Reik & Co., is an equity strategy based on creating capital through long-term investment in high quality companies. Company selection criteria include: significant family or inside ownership; a strong franchise; little or no long-term debt and little or no institutional ownership. Portfolios are constructed with concentrated positions and are subject to greater performance and volatility than broader market averages. The strategy employs very low portfolio turnover, emphasizing compounded return rather than realization of capital gains.

We may also use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:



- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short sales.** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We may engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions.** Reik & Co. manages margin accounts in limited client circumstances when requested by a client and consistent with a client's investment objectives and risk tolerance. Advisory fees can be based on the total market value of a client's managed portfolio.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **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 regulatory or disciplinary events to disclose.

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

William Reik, Jr., Member of Reik & Co., serves as a Trustee of Alice Lloyd College and as a Member at the Visiting Committee of the University of Kentucky, College of Law. Although these activities will take some of Mr. Reik's time during the trading day, Mr. Reik mitigates potential conflicts by ensuring that he has staff in place at all times during the trading day. In addition Mr. Reik spends substantially most of his time on the advisory activities of Reik & Co. and on behalf of the firm's advisory clients.

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

Reik & Co. has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Reik & Co.'s Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth Reik & Co.'s practice of supervising the personal securities transactions of supervised persons with access to client information.

It is the expressed policy of Reik & Co. that no person employed by Reik & Co. shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

Reik & Co. also requires that anyone associated with this advisory practice with access to advisory recommendations provide initial and annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Reik & Co. requires such access persons to also receive approval prior to investing in certain reportable securities, and any IPOs or private placements (limited offerings).

Reik & Co. requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Reik & Co.'s Code of Ethics further includes the firm's Insider Trading Policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

Reik & Co. will provide a copy of its Code of Ethics to any client upon request to the Chief Compliance Officer at Reik & Co.'s principal address.

Reik & Co. or individuals associated with Reik & Co. may buy or sell securities identical to or different than those recommended to clients 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 Reik & Co. that no person employed by Reik & Co. may purchase or sell any security 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, Reik & Co. has established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. A member, officer or employee of Reik & Co. 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 Reik & Co. shall prefer his or her own interest to that of the advisory client.
2. Reik & Co. maintains records of all securities holdings and transactions for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Reik & Co.
3. Reik & Co. requires that all individuals must act in accordance with applicable regulations governing investment advisory activities.

## **Item 12 Brokerage Practices**

### ***Selection of Broker-dealers***

In those very limited instances when Reik & Co. has discretionary authority to select broker-dealers for client brokerage services, Reik & Co. will endeavor to select those brokers or dealers which will provide quality services at the lowest commission rates available. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help Reik & Co. in providing investment management services to clients. Reik & Co. may, therefore will use brokers who provide 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.

Brokers or dealers that Reik & Co. selects to execute transactions may from time to time refer clients to Reik & Co. Reik & Co. will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest arises between the client's interest in obtaining best price and execution and Reik & Co.'s interest in receiving future referrals.

### ***Direction of Brokerage***

Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker or will instruct the firm to use the brokerage and custody services of that firm or one of the firms recommended by Reik & Co.

In these circumstances, clients will instruct Reik & Co. to execute all transactions through that broker. In the event that a client directs Reik & Co. to use a particular broker or dealer, it should be understood that under those circumstances Reik & Co. will not have authority to negotiate commissions, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients.

### ***Recommendation of Broker-Dealers***

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Reik & Co. may recommend the use of several broker dealers, provided Reik & Co. can meet its fiduciary obligation of best execution. Clients must evaluate these brokers before opening an account.

The factors considered by Reik & Co. when making these recommendations are the broker's ability to provide professional services, Reik & Co.'s experience with the broker, the broker's reputation, and the broker's quality of execution services, commissions and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker. All clients are free to select any broker-dealer of his or her choice.

### ***Aggregation of Transactions***

Reik & Co. will aggregate trades for clients' portfolios where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' 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 allows Reik & Co. to facilitate equity trades in a more timely, equitable and efficient manner and to seek to reduce overall commission charges to clients.

The majority of Reik & Co.'s trades are done on an agency basis with the broker/dealer. Thus, clients pay a commission to the broker for effecting the trade and also pay the market makers the offering or bid prices of the securities purchased or sold. In addition, certain of the broker-dealers may charge a minimum ticket charge ranging from \$125 to \$150 depending on the firm and the size of the transaction. Minimum ticket charges may be in place of a commission or in addition to a cents per share commission.

### ***Allocation of Investments***

As a matter of policy and practice Reik & Co. seeks to allocate investments fairly and equitably among clients over time so as to not advantage or disadvantage any clients over other clients. In circumstances where only a portion of an order is completed, the firm typically allocates securities among eligible client portfolios on a pro-rata basis.

### ***Soft Dollar Arrangements***

Reik & Co., LLC does not have any formal soft-dollar arrangements and does not receive any soft-dollar benefits except to the extent that our firm has certain access to proprietary investment research made available by the broker-dealers our firm trades with.

## **Item 13    Review of Accounts & Client Reports**

### ***Client Reviews***

The frequency of reviews varies. Portfolio securities will be reviewed on an ongoing basis and investment advisory portfolios will be reviewed by William Reik, Jr., Managing Member, at least quarterly but some accounts may be reviewed more often.

Reviews will be supported by computerized account information such as an appraisal of market value and performance and gains and losses reports. The account review will focus on fundamental information about the account holdings. Stocks that have deteriorating fundamentals will trigger further investigation and appropriate action. Industry and general market conditions also will be considered. The nature of reviews also varies depending on the goals and directives of the client.

Reviewers - Accounts will be reviewed by William Reik, Jr., Managing Member. Investment programs are tailored to the needs of the individual client; however, regular meetings may be held to ensure that the client's investment objectives are being met.

### ***Client Reports***

Reik & Co., LLC will provide a quarterly statement to each client that includes an asset list and appraisal of market value, cost, annual income and current yield. Some clients request more frequent reports, i.e., monthly, and others request additional information, i.e., performance, gains and losses reports. We are flexible about the frequency and nature of client reports.

Clients also receive statements of account from their broker-dealer/custodian reflecting activity, positions and values among other things. Clients also receive

confirmations of transactions.

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

Reik & Co. may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Reik & Co.'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**

Clients must maintain a qualified custodian to house their assets, as Reik & Co. does not hold client assets. We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

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.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a **quarterly** basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

#### **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 do the following without

contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

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**

### ***Proxy Policy***

Reik & Co., as a matter of policy and practice, does not vote proxies on behalf of clients. Although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for:

(1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We may offer any consulting assistance regarding proxy issues to clients if requested.

Our Proxy Policy and information about the voting of a client's proxies, in the event Reik & Co. may ever have proxy voting responsibility for any client(s), are available to a client upon written request sent to Anne Marie Pierno.

### ***Legal Proceedings***

Reik & Co., as a matter of policy and practice, may not provide legal advice or advise or act on behalf of clients for any legal proceedings, including class actions, bankruptcies or other proceedings, involving companies whose securities are held or previously held in client portfolios.

## **Item 18 Financial Information**

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.

As a registered advisory firm, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual

obligations. Reik & Co. has no additional financial circumstances to report.  
Reik & Co. has not been the subject of any financial or bankruptcy petition at any time.