



## **Item 1 – Cover Page**

### **Part 2A Appendix 1 Wrap Fee Program Brochure**

#### **Queen City Capital Management, LLC**

212 East Third Street, Suite 100

Cincinnati, OH 45202

513-721-6089

[www.qccmonline.com](http://www.qccmonline.com)

Date of Disclosure Brochure: March 19, 2019

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of Queen City Capital Management, LLC (also referred to as we, us and Queen City Capital Management throughout this disclosure brochure). If you have any questions about the contents of this brochure, please contact Jeffrey Spitzmiller at 513-729-9740. 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 Queen City Capital Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Queen City Capital Management, LLC or our firm's CRD number 162785.

Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

As of August 2018 our address and phone number have changed. Our new and current address is 212 East Third Street, Suite 100, Cincinnati, OH 45202 and our new phone number is (513) 721-6089. There have been no additional material changes.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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

Queen City Capital Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Delaware.

Queen City Capital Management offers asset management services through a wrap fee management program. In our wrap fee management program, clients may elect to pay expenses under a “traditional” payment option meaning that advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis, or may elect the bundled “wrap fee” payment option meaning that advisory services (including asset management) and transaction cost (including ticket charges) are provided for one fee. Our All Star Funds, Index Plus, Index Plus Tax Managed and Strategic Core Portfolios are considered to be wrap fee programs. Whenever a fee is charged for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

When making the determination of whether one of the advisory programs available through Queen City Capital Management is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation.

You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative and you should read this Wrap Fee Disclosure Brochure carefully as it explains, in detail, our advisory services.

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Queen City Capital Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Queen City Capital Management before we can provide you the services described below.

Queen City Capital Management offers asset management services, which involves Queen City Capital Management providing you with continuous and ongoing supervision over your specified accounts. You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name.

The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or

investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Portfolio Management Services**

Queen City Capital Management offers asset management services, which involves Queen City Capital Management providing you with continuous and ongoing supervision over your accounts. The Queen City Capital Management All Star Funds, Index Plus, Index Plus Tax Managed and Strategic Core Portfolios are considered to be wrap fee programs. In providing asset management services, Queen City Capital Management will continuously monitor your Account and make trades in your Account when necessary. Your Account will be managed by Queen City Capital Management based on your financial situation, investment objectives and risk tolerance. Queen City Capital Management will actively monitor your Account and will make management recommendations and decisions regarding buying, selling, reinvesting or holding securities, cash or other investments.

We recommend that your assets allocated to our managed account programs be maintained in a brokerage account with Fidelity Institutional Wealth Services (Fidelity), an SEC registered broker/dealer and member NYSE/SIPC. Fidelity is the qualified custodian for all accounts established through our programs. You will appoint Queen City Capital Management as your investment adviser of record on specified accounts. Your account will consist only of separate account(s) held by the qualified custodian under your name. Queen City Capital Management does not act as custodian and does not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization. The qualified custodian will maintain physical custody of all funds and securities of your Account, and you will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) for your Account.

It should also be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Queen City Capital Management.

### **Index Plus and Index Plus Tax Managed Portfolios**

Asset allocations in the Index Plus and Index Plus Tax Managed Portfolios primarily use exchange traded funds or exchange traded notes through the registered investment adviser's platform of Fidelity Institutional Wealth Services. In the case where an appropriate exchange traded fund/note is not available for a particular asset class or where we believe an active manager can provide either a risk or return benefit, we may utilize a mutual fund in its place. The Index Plus and Index Plus Tax Managed Portfolios offer the individual investor the flexibility of investing in a managed portfolio of exchange traded funds/notes, which are attractive because they provide liquid, low cost, tax-efficient exposure to a wide range of asset classes, primarily based on indexes.

In the Index Plus Tax Managed Portfolio, the tax efficiency objective is pursued by utilizing predominately tax efficient index based exchange traded funds/notes along with municipal bond funds where appropriate. The Index Plus Tax Managed Portfolio allows us the ability to assist in tax management. Selling positions with significant losses can offset portions of the capital gains incurred during portfolio rebalancing and other necessary trading with the goal of improving after-tax performance along with overall portfolio tax efficiency. Tax managed accounts are individually monitored to evaluate potential tax management trading. Exchange traded fund/note positions with significant losses may be sold and replaced with a similar exchange traded fund/note or mutual fund in order to maintain optimal portfolio exposure. This feature results in a more customized portfolio as positions may be sold over time and replaced with others. Portfolios within the same model allocation may be holding different positions at any given point in time as results of the circumstances of trades placed and positions replaced during tax loss harvesting. However, despite some differences in actual positions held, overall portfolio asset allocation exposure is maintained across the accounts per the investment model strategy's asset class/style exposure. Please note: We do not provide tax advice.

### **All Star Funds Portfolios**

Asset allocations in the All Star Funds Portfolios consist primarily of actively managed mutual funds through the registered investment adviser's platform of Fidelity Institutional Wealth Services. In certain instances exchange traded funds or notes may also be used. The goal is to use "best of class" funds across many different fund families as determined by our Investment team, based on a variety of factors including transaction costs, manager tenure, and performance and risk measurements, amongst others. Our Investment team analyzes available funds to determine the most appropriate selection for each asset class.

### **Program Fees and Expenses for Our Investment Portfolios**

Advisory fees charged in our programs are separate and distinct from fees and expenses charged by mutual fund companies, exchange traded funds/notes, and variable annuities that may be recommended to you by your investment advisor representative/solicitor. A description of these fees and expenses are available in each mutual fund and variable annuity prospectus. The fees will generally include a management fee, other fund expenses, mortality expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. The ongoing advisory fee for investment management services may cost you more than if the assets were held in a traditional brokerage account with a broker/dealer. In a brokerage account, you are charged a commission for each transaction and your servicing agent has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to buy ongoing investment advice or management services, you should consider opening a brokerage account with a broker or dealer rather than an advisory account.

Advisory fees charged in our programs may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from another investment advisor firm. The advisory fees charged vary among our programs. You may invest in mutual funds, exchange traded funds/notes or variable annuities directly, without the services of our firm. In that case, you would not receive the services provided by us which are designed, among other things, to assist in determining which portfolio of mutual funds or other securities are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds or variable annuity and the advisory fees charged in our programs to fully understand the total amount of fees to be paid and evaluate the advisory service being provided.

Individuals in a Strategist program (in which our firm and other registered investment advisors may serve as a Strategist) should be aware that services similar or comparable to those provided to a client in our Investment Programs may be available to you at a lower aggregate cost elsewhere. While our compensation pursuant to a Strategist program may be lower than compensation we receive in our Investment Programs, the overall cost of a Strategist program may be higher than an individual would otherwise experience by participating in another program.

Our firm also may invest a portion of your assets in mutual funds, exchange traded funds/notes or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for the management of your assets, one directly to our firm and one indirectly to the managers of the

mutual funds, exchange traded funds or variable annuities held in their portfolios. You could generally avoid the second layer of fees by making your own decisions regarding the mutual fund, exchange traded fund or variable annuity investment. However, in that case, you would not receive the investment management services provided by our firm.

Our fees are referenced below:

The maximum annualized management fee you will pay for an investment advisory relationship established with us is 1.55%. Certain clients who joined the firm prior to January 1st, 2016 may have advisory fees up to 1.95%.

Fees are charged either monthly or quarterly in arrears and calculated based on the average daily pricing of all assets in the Account as of the last business day of the billing period or, may be charged monthly or quarterly in advance and calculated based on the average daily pricing of all assets in the Account as of the last business day of the billing period. Advisory fees are pro-rated for the period for accounts opened or closed during the calendar quarter or month. We retain a portion of the annualized management fee for administrative and support services. These fees represent part of the fees (as noted above) established pursuant to the Investment Advisory Services Agreement. Solicitors are not aid nor do they share in any portion of the administrative and support services fees.

For our asset management services, Queen City Capital Management will retain a portion of the total annual client fee for the All Star Funds, Index Plus and Index Plus Tax Managed and Strategic Core Portfolios. The fees retained by Queen City Capital Management are shown below and are based upon the amount of assets under management.

<b>Assets Under Management</b>	<b>Annual Fees</b>
The First \$250,000	0.550%
Next \$250,001 – \$499,999	0.400%
Next \$500,000 – \$999,999	0.300%
Next \$1,000,000 – \$2,499,999	0.200%
Above \$2,500,000	Negotiable

The exact annual fee charged by Queen City Capital Management will be agreed upon prior to commencing services and stated in the client agreement.

There is a minimum account size of \$50,000 for the All Star Funds and Managed Variable Annuity programs, while the Index Plus, Index Plus Tax Managed, and WorkPlace Retirement programs all have a \$100,000 minimum.

Queen City Capital Management reserves the right to modify its fee schedule in the future by providing you with 30 days advance notice of any modification. Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. There may be contracts with a higher annual fee than published above.

Queen City Capital Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

Note: Our fee for our Custom and Consulting Programs is negotiable.

The investment advisory fees will be deducted from your Account and paid directly to our firm by the qualified custodian(s) of your account. You must authorize the qualified custodian(s) of your Account to deduct fees from your account and pay such fees directly to Queen City Capital Management. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

A solicitor may be paid a portion of the investment advisory fees received by our firm from you. The compensation for these services is paid completely by our firm from the investment advisory fees earned. The advisory fee paid does not increase as a result of our firm's payment to a solicitor. Services provided by the solicitor may include, among other things, assisting in completion of the questionnaire, determining an appropriate investment strategy, periodic contacts with you about investment performance or other information as may be requested or required to assist in understanding our services or updating your information on our behalf.

### **Block Trading**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Queen City Capital Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Queen City Capital Management uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Queen City Capital Management will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Queen City Capital Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Suitability and Investment Strategy**

Queen City Capital Management will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an Asset Management account. Clients must contact us to notify of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (investments held at least a year); short term purchases (investments sold within a year); and frequent trading.

### **Additional Compensation, Economic and Non-Economic Benefits**

Our minority owners and representatives as are also registered representatives of Securities America, Inc., a securities broker-dealer. While as registered representatives they will not perform any advisory functions for Queen City Capital management when acting in his or her separate capacity as a registered representative, our minority owners and representatives may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. This receipt of commissions



creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our minority owners and representatives in their separate capacity. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12(b)-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

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

### **Minimum Account Size**

Queen City Capital Management requires the following minimum investments amounts in order to open a managed account:

Index Plus and Index Plus Tax Managed Portfolios - \$100,000

All other portfolios have an account minimum of \$50,000

Accounts valued at \$30,000 or more may be accepted if the total aggregate household account value exceeds \$300,000. Accounts under the stated minimum may be accepted on an individual basis at our discretion.

We review account minimums periodically and they are subject to change. We may close an account whose value falls below the minimum upon written notice to you.

### **Types of Accounts**

Queen City Capital Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Queen City Capital Management specifying the particular advisory services in order to establish a client arrangement with Queen City Capital Management.

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

Queen City Capital Management and its Investment Adviser Representatives act as the portfolio manager(s) for accounts receiving our services. The All Star Funds, Index Plus, Index Plus Tax Managed and Strategic Core Portfolios are considered to be wrap fee programs. For these services, we do not allow the use of portfolio managers that are not associated with Queen City Capital Management. In other words, the only portfolio managers selected for managing client assets for our managed account portfolio services are Investment Adviser Representatives of Queen City Capital Management. Therefore, conflicts of interest present in other wrap fee programs that make available both affiliated and unaffiliated portfolio managers are not present in our wrap fee program. Because our managed portfolio services do not provide for outside portfolio managers, we do not have procedures designed to select outside portfolio managers.

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

Queen City Capital Management offers asset management services, through our All Star Funds, Index Plus, Index Plus Tax Managed and Strategic Core Portfolios, which are considered to be wrap fee management programs. In our wrap fee management programs, “wrap fee” payment option meaning that advisory services (including portfolio management or advice regarding selecting other investment advisers) and transaction services are provided for one fee. Whenever a fee is charged to a client for services described in this Wrap Fee Program Brochure, we will receive all of a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage accounts that have elected the traditional payment option versus those that have elected the bundled wrap fee payment option. The only significant difference is the way in which transaction costs are paid.

### **General Description of Other Advisory Services**

The following are descriptions of the primary advisory services of Queen City Capital Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Queen City Capital Management before we can provide you the services described below.

#### **Custom Program**

Our Custom Program is offered to high net-worth clients, including endowments and foundations. You would complete an investment questionnaire whereby the account is designed, implemented and managed using an asset allocation plan that is consistent with your investment objectives, investment time horizon, risk profile, guidelines and constraints as outlined in the Investment Policy Statement. You may impose reasonable restrictions on the management of your account. Asset diversification will be utilized using mutual funds, equities, bonds, unit investment trusts and exchange traded funds. Allocations are reviewed periodically by our Investment Committee. Rebalancing and tactical changes may be executed by our Investment Committee at any time.

For information about the investment strategies employed in this program, please refer to the section titled “Methods of Analysis, Investment Strategies and Risk of Loss.”

#### **Consulting Program**

This program allows for the consulting of client portfolios where Queen City Capital Management does not have discretionary authority, but does have ongoing responsibility to oversee the accounts. This involves ongoing monitoring and recommendations of the securities and asset classes in the portfolio that align with the client’s desired risk and return objectives.

For information about the investment strategies employed in this program, please refer to the section titled “Methods of Analysis, Investment Strategies and Risk of Loss.”

#### **Variable Sub-Account Management Services**

Under our sub-account management services, Queen City Capital Management manages your variable annuity or variable life contract by selecting, monitoring and exchanging as necessary between sub-accounts available from the insurance company issuing the variable annuity or variable life contract.

Under this program, we assist you in completing a questionnaire which details your financial goals, risk tolerance and time horizon. You will have the opportunity to list on your investment advisory agreement with our firm any reasonable restrictions on the sub-accounts that may be utilized by Queen City Capital Management. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives.

Once you have provided us with the necessary information and made the appropriate authorizations, Queen City Capital Management utilizes limited discretionary authority to select or exchange among the sub-accounts available under your variable annuity or variable life contract in accordance with your disclosed investment objective and risk tolerance. Queen City Capital Management may utilize signal providers for guidance regarding investment strategies, asset allocations and timing of exchanges. Queen City Capital Management will monitor your sub-accounts and exchange sub-accounts as necessary and in accordance with your investment objective and risk tolerance.

### **Third-Party Money Managers**

Queen City Capital Management has developed several programs, previously described in Item 5 of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to Items 4 and 5 for full details regarding the programs, fees, conflicts of interest and materials arrangements when Queen City Capital Management selects other investment advisers.

### **Newsletters**

Queen City Capital Management occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual.

### **Specialization**

Queen City Capital Management specializes in providing asset management investment services primarily using mutual funds and exchange traded funds. Queen City Capital Management also provides advisor consulting services to third-party investment advisors and broker/dealers but we do not recommend any securities to their clients or their representatives.

### **Limits Advice to Certain Types of Investments**

Queen City Capital Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

### **Tailor Advisory Services to Individual Needs of Clients**

Queen City Capital Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

When managing client accounts through our managed account programs, we may manage a client's account in accordance with one or more investment models. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Queen City Capital Management does not charge or accept performance-based fees.

### **Methods of Analysis**

Queen City Capital Management uses the following methods of analysis in formulating investment advice:

**Cyclical** – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market

forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

**Technical** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Queen City Capital Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Queen City Capital Management uses the following investment strategies when managing client assets and/or providing investment advice:

**Long term purchases.** Investments held at least a year.

**Short term purchases.** Investments sold within a year.

**Frequent trading.** This strategy refers to the practice of selling investments within 30 days of purchase.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past and there will likely be others in the future. Our firm and our Investment Team emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or protect you against loss and there is no guarantee that your investment objectives will be achieved. This program is not FDIC insured and may lose value. All investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk - When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk (Interest Rate Risk) - When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Market Risk - The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk - The risk is that the rate of inflation will exceed the rate of return on an investment.
- Currency Risk - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk - These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk - Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Voting Client Securities**

Queen City Capital Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in the Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

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

Only Investment Adviser Representatives of Queen City Capital Management serve as portfolio managers for our managed account programs. Our associated Investment Adviser Representatives are responsible for gathering all information provided by you. We will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through our managed account programs. You are responsible for promptly contacting your Investment Adviser Representative to notify us of any changes to your financial situation that will impact or materially influence the way we manage your accounts. Since we do not use any outside portfolio managers, we do not share your information with any outside portfolio managers.

## **Item 8 - Client Contact with Portfolio Managers**

Only Investment Adviser Representatives of Queen City Capital Management serve as portfolio managers for our managed account programs. There are no restrictions placed on your ability to contact and consult with their portfolio managers. It is the policy of Queen City Capital Management to provide for open communications between the Investment Adviser Representatives and clients. You are encouraged to contact your Investment Adviser Representative whenever you have questions about the management of your account(s).

## **Item 9 - Additional Information**

### **Disciplinary Information**

We have no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management.

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

Queen City Capital Management is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Registered Representative of a Broker-Dealer**

Our minority owners and representatives as are also registered representatives of Securities America, Inc., a securities broker- dealer. While as registered representatives they will not perform any advisory functions for Queen City Capital management when acting in his or her separate capacity as a registered representative, our minority owners and representatives may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. You are under no obligation to use the services of our minority owners and representatives in their separate capacity. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12(b)-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Registered as an Investment Adviser Representative of Another Advisory Firm**

The minority owners and representatives of Queen City Capital Management are also licensed as Investment Adviser Representatives with Securities America Advisors, Inc. Queen City and Securities America Advisors are not affiliated. Through Securities America Advisors, Inc., the minority owners and representatives of Queen City may provide asset management services as well as referrals to sub-advisors. They earn advisory fees when providing these services through Securities America Advisors. If the minority owners and representatives of Queen City provide asset management or referral services to you, you will be given the disclosure brochure of Securities America Advisors, Inc. describing the services provided, fees charged and other information. You are encouraged to read and review the disclosure brochures for both Queen City Capital Management and Securities America Advisors.

### **Interest in Client Transactions and Code of Ethics**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Queen City Capital Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Queen City Capital Management requires its supervised persons to consistently act in your best interest in all advisory activities. Queen City Capital Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Queen City Capital Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Queen City Capital Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Queen City Capital Management that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. Queen City Capital Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):



- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Queen City Capital Management.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Account Reviews and Reviewers**

We review our managed accounts on a regular basis to monitor daily transactions for investment of additional deposits and for effects of market movements. We conduct quarterly reviews to determine if it is necessary to reallocate or rebalance accounts for tactical or strategic reasons. More frequent reviews may be conducted on an as needed basis. Reviews may also be done at your request, investment advisor representative/solicitor or if merited by a change in your investment objectives. Members of the Investment Team, led by Jeffrey Spitzmiller, Chief Investment Officer, conduct these reviews.

### **Review Triggers**

Factors triggering an account review may include material market, economic or political events, performance of the account in general, or requests by a client or investment adviser representative/solicitor to review a model.

Our consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

### **Account Statements and Reports**

You will receive account statements from investment companies, insurance companies, clearing firms, account custodians or other qualified custodians at least quarterly. You may also receive monthly account statements from investment sponsors, insurance companies clearing firms, account custodians or other qualified custodians monthly, if there is any activity in your account. We have verified that each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to clients directly at their address of record at least quarterly. We encourage you to carefully review your account statement(s).

### **Performance Reports**

We provide performance reports to you on accounts we manage quarterly. These quarterly reports include a summary of investment activity, including withdrawals, deposits, and miscellaneous charges, advisory fee details and investment committee commentary. We may also provide periodic commentary, market outlook or other newsletter on an as needed basis.

We urge you to compare the account statements received directly from the custodian to the performance reports provided by us with account statements you receive from Fidelity Institutional Wealth Services.

Inquiries or concerns regarding your account, including performance reports, should be directed to us at 513-721-6089.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Please note, additional charges may be incurred if you elect for paper documents instead of electronic delivery.

### **Client Referrals**

Within our programs, we enter into agreements with solicitors (referring parties) to refer clients to us. We may compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. The referral agreements between our firm and the referring parties are designed to comply with Securities and Exchange Commission regulations as set out in 17 CFR Section 275.206(4)-3. We market our advisory services through solicitors who have no advisory capacity in connection with our services. If a referred client enters into an investment advisory agreement with our firm and a cash referral is paid to the referring party, the fee will be paid as a percentage of your advisory fees payable by you to our firm for so long as you remain a referral client of the solicitor. Written disclosure regarding the referral fees will be provided to you prior to or at the time of entering into our investment advisory agreement. We will maintain these agreements and observe all applicable federal and/or state laws will be observed. Your investment advisor representative/solicitor may agree to reduce their referral fee and any such reduction may be passed on to the particular client in the form of a lower fee.

The compensation to be paid in connection with these investment advisory services is subject to negotiation between our firm, you, and your investment advisor representative/solicitor. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. Upon termination of the solicitor, we will continue to manage your portfolio and charge you management fees, unless you direct us to in writing to terminate management of your Account. Your solicitor will provide you with a copy of our Form ADV Part 2A which describes our advisory services and the Solicitor's Disclosure Document which discloses the terms of the compensation arrangement between our firm and your solicitor. Both documents will be provided to you at the time you enter into an investment advisory contract with us.

There may be a conflict of interest when an affiliated solicitor recommends the services of any of our programs because the solicitor may receive the potential benefit of a higher portion of the overall advisory fee charged than if otherwise recommending other advisory programs available. Solicitors that are registered representatives of other broker/dealers, including SAI, our affiliated broker/dealer may receive a broker/dealer commission in addition to a percentage of the advisory fee when you buy a new variable annuity policy or mutual fund and requests to add our management to the policy or fund. No commissions are paid to our firm in the managed account programs utilizing the Fidelity Institutional Wealth Services platform. Advisory fees for investment management services may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a less fee from other advisors. The advisory fees charged may vary among investment management services provided by our firm. You may buy the same investment product from another unaffiliated registered investment advisor firm or could implement securities transactions without the services provided by our firm. In that case, you would not receive the services provided by us.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Financial Information**

Queen City Capital Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Queen City Capital Management has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Queen City Capital Management does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Queen City Capital Management is committed to safeguarding the confidential information of its clients. Queen City Capital Management holds all personal information provided by clients in the strictest confidence and it is the objective of Queen City Capital Management to protect the privacy of all clients. Except as permitted or required by law, Queen City Capital Management does not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, Queen City Capital Management will provide clients with written notice and clients will be provided an opportunity to direct Queen City Capital Management as to whether such disclosure is permissible.

To conduct regular business, Queen City Capital Management may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Queen City Capital Management.
- Information about the client's transactions implemented by Queen City Capital Management or others.
- Information developed as part of financial plans, analyses or investment advisory services.

To administer, manage, service and provide related services for client accounts, it is necessary for Queen City Capital Management to provide access to customer information within the firm and to non-affiliated companies, (optional to include examples of outside firms), with whom Queen City Capital Management has entered into agreements. To provide the utmost service, Queen City Capital Management may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Queen City Capital Management's behalf.

- Information Queen City Capital Management receives from the client on applications (name, Social Security number, address, assets, etc.).
- Information about the client's transactions with Queen City Capital Management or others (account information, payment history, parties to transactions, etc.).
- Information concerning investment advisory account transactions.
- Information about a client's financial products and services transaction with Queen City Capital Management.

Since Queen City Capital Management shares non-public information solely to service client accounts, Queen City Capital Management does not disclose any non-public personal information about Queen City Capital Management's customers or former customers to anyone, except as permitted by law. However, Queen City Capital Management may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Queen City Capital Management has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, Queen City Capital Management will allow its clients the opportunity to opt out of such disclosure.