



### **Item 1 – Cover Page**

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**Date of Disclosure Brochure:  
8/29/2019**

This Disclosure Brochure provides information about the qualifications and business practices of Queen City Capital Management, LLC (also referred to as we, us, QCCM and Queen City Capital Management and throughout this Disclosure Brochure). If you have any questions about the contents of this Disclosure Brochure, please contact the Adviser's Chief Compliance Officer, Matt Swendiman, at 513-562-1675 or by email at [mswendiman@keybridgecompliance.com](mailto:mswendiman@keybridgecompliance.com). The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Queen City Capital Management, LLC, is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about Queen City Capital Management is also available online 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.

## **Item 2 – Material Changes**

On August 1<sup>st</sup>, 2019 the CCO of Wealth Advisory Solutions changed from Bryan Haft with Graydon Compliance Solutions to Matt Swendiman with Key Bridge Compliance.

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.

### **Item 3 – Table of Contents**

<b>Item 1 – Cover Page.....</b>	<b>1</b>
<b>Item 2 – Material Changes.....</b>	<b>2</b>
<b>Item 3 – Table of Contents.....</b>	<b>3</b>
<b>Item 4 – Advisory Business .....</b>	<b>4</b>
<b>Item 5 – Fees and Compensation.....</b>	<b>13</b>
<b>Item 6 – Performance-Based Fees and Side-By-Side Management .....</b>	<b>19</b>
<b>Item 7 – Types of Clients.....</b>	<b>19</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>20</b>
<b>Item 9 – Disciplinary Information .....</b>	<b>24</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations.....</b>	<b>24</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>25</b>
<b>Item 12 – Brokerage Practices.....</b>	<b>27</b>
<b>Item 13 – Review of Accounts .....</b>	<b>30</b>
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>32</b>
<b>Item 15 – Custody .....</b>	<b>34</b>
<b>Item 16 – Investment Discretion .....</b>	<b>35</b>
<b>Item 17 – Voting Client Securities.....</b>	<b>36</b>
<b>Item 18 – Financial Information .....</b>	<b>36</b>

## **Item 4 – Advisory Business**

Queen City Capital Management (“QCCM”) 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 was initially approved as an investment adviser on July 23, 2012. Jeffrey Spitzmiller is the Chief Executive Officer and an Owner of Queen City Capital Management. Jeffrey Spitzmiller owns 39.00% of Queen City Capital Management. Additional direct owners of the Adviser are listed on Schedule B of the firm’s Form ADV Part 1A.

QCCM’s primary business is asset management investment services primarily using mutual funds and exchange traded funds. QCCM also provides advisor consulting services to third-party investment advisors. We may also offer advisory services to other broker/dealers but we do not recommend any securities to their clients or their representatives.

The investment advisory services of Queen City Capital Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Queen City Capital Management (referred to as your investment adviser representative throughout this brochure).

Your investment adviser representative is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. However, the exact services you receive and the fees you will be charged will be specified in your advisory services agreement.

### **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.

### ***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.

Please refer to the Wrap Fee Brochure for additional details regarding the All Star Funds Portfolios. 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."

### ***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.

Please refer to the Wrap Fee Brochure for additional details regarding the Index Plus and Index Plus Tax Managed Portfolios. 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.*"

### ***Strategic Core Portfolios***

The models in this strategy utilize strategic asset allocation as the foundation for the portfolios. Core holdings of the major asset classes of stocks, bonds, and alternative asset class investments are utilized through the registered investment advisor's platform of Fidelity Institutional Wealth Services. The holdings are designed to utilize index based mutual funds, exchange traded funds or exchange traded notes. Low costs, liquidity, and tax efficiency are some of the benefits to this program.

Please refer to the Wrap Fee Brochure for additional details regarding the Strategic Core Portfolios. 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."

### ***WorkPlace Retirement Program***

This program is designed for those clients who are employed at certain not-for-profit institutions, typically hospitals or universities, which have various retirement plans (i.e., 403(b), ARP) in place with Fidelity as the custodian. The portfolios under this program consist of actively managed mutual funds utilizing all Fidelity Funds. The number of funds available depends on the institution. The universe of available Fidelity Funds will be analyzed by the Investment Team to determine the most appropriate selection for each asset class.

### ***Managed Variable Annuity Program***

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.

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. We have entered into agreements with insurance companies that allow for the management and valuation of your variable annuity accounts within this program. For clients in our Managed Variable Annuity Program, your insurance companies' custodians maintain custody of all funds and securities held in variable annuity accounts.

Model allocations are strategically developed utilizing the sub-accounts available within some variable annuity products. We may limit the product offerings at insurance companies on which investment management services are available. The limitations may be due to variable annuity sub-account options, annuity riders added to contracts or other factors. Total portfolio expenses may be higher than other mutual fund or managed portfolios based on the product, mortality and expenses and additional riders that may be added to the policy.

### ***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 Team. Rebalancing and tactical changes may be executed by our Investment Team at any time.

### ***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.

### ***Investment Models***

Your assets within each of the programs are allocated according to the model selected. One or more model allocations are available to you within the investor profile determined by the questionnaire you complete. The Capital Income, Tactical Yield and Alternative Asset models are available within the All Star Funds Portfolios. Other models available in the All Star Funds, Index Plus, Index Plus Tax-Managed, WorkPlace Retirement, and Managed Variable Annuity programs are Conservative Growth, Balanced Growth, Moderate Growth, Aggressive Growth and Global Stock. The Capital Income Plus model is available in certain cases in our Managed Variable Annuity program. For the Strategic Core Portfolios the models available include 20/80, 40/60, 60/40, 70/30, 80/20, and 100/0 and each represents the portion typically invested between equities and fixed income. In determining the initial allocation to be used, you will choose from several model portfolios of mutual funds, exchange traded funds/notes or variable annuity sub-accounts within your investor profile. In addition, on the Fidelity Institutional Wealth Services platform there are options of choosing one or more models within one account. Once your asset allocation has been established and the client agreement has been executed, the portfolio will be implemented using the investment strategy developed by the Chief Investment Officer.

Accounts are managed by our firm on a discretionary basis. Please refer to *Item 16: Investment Discretion* for more information. Our Investment Team continuously monitors the portfolios and, when appropriate, reallocates the portfolios based on changing market conditions or other factors.

The frequency of trading may be impacted by our desire to minimize taxes and portfolio expenses. Some portfolios are specifically designed to generate less yearly taxable income and/or capital gains. These portfolios include those implemented using mutual funds and exchange traded funds/notes as well as those that contain municipal money market and municipal bond positions. Buys, sells, redemptions, and reallocations are implemented in discretionary accounts without prior notice to you. If your individual situation changes, you should notify your investment advisor representative/solicitor who will assist you in revising the current portfolio and/or prepare a new questionnaire so that we can determine if a different model portfolio would be appropriate for your new situation. We provide quarterly reports to you, which include account position information as well as simple performance numbers. Performance numbers in the quarterly performance report are not intended to be Global Investment Performance Standards (GIPS®) compliant.

Your securities brokerage transactions are processed by Fidelity Investments through Fidelity Institutional Wealth Services. Your funds and securities are custodied and maintained at Fidelity Investments through Fidelity Institutional Wealth Services. Clearing, custody or other brokerage services may be provided by National Financial Services LLC or Fidelity Brokerage Services LLC. For clients in our Managed Variable Annuity Program, your insurance companies' custodians maintain custody of all funds and securities held in variable annuity accounts.

Generally, we do not maintain custody of your funds or securities although we may be deemed to have



custody of your assets when deducting advisory fees directly from your accounts within the programs noted above. We may also be deemed to have custody for certain transmittal policies. Please refer to *Item: 15 Custody* for more information. Each custodian or investment provider we use for our investment management services provide statements to you at least quarterly and have been verified as a qualified custodian.

For information about all of the investment strategies employed in our programs, please refer to *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss*.

### **Other Services Provided by Our Firm - Non-Investment Supervisory Services and Other Investment Management Services**

#### ***Allocation Consulting Services***

We may be retained by other registered investment advisers as a third-party money manager (Strategist) to design and manage model portfolios for your assets. Those registered investment advisers may require that we follow certain parameters when building and managing portfolio models. The registered investment advisers will implement the model to your account by acquiring mutual fund shares and exchange traded funds that are represented in the model portfolios that have been selected by you. Your portfolio will be similar to portfolios of other clients that have similar investment objectives and select the same model portfolios. This service is only available to those clients who choose us as a Strategist. Investment advisor representatives of other registered investment advisers acting as solicitors will assist their client to choose an appropriate investment strategy and Strategist. Each portfolio is designed to meet a particular investment profile which helps meet the investment goals of the particular investment profile chosen. In our capacity as a Strategist, we are responsible for managing the models by using exchange traded funds and mutual funds and providing the registered investment adviser the signals to trade the portfolios. Where there is a change in any model, the registered investment adviser, not our firm, has the authority to conduct trading activity as necessary to change or rebalance your portfolio, and replicate those changes linked to the model accounts as instructed by you. Whenever we are providing services as a Strategist, we do not have an advisory relationship with you. Minimum deposits and maximum annual asset fees for client accounts in these programs are specified through the registered investment adviser's Form ADV Part 2A.

Queen City acts as a strategist in a model-based, Unified Managed Account (UMA) program with FTJ Fund Choice LLC's (FTJ). In this capacity, Queen City manages asset allocations for model portfolios and collects a strategist fee according to a predetermined agreement with FTJ. Queen City does not act in a discretionary capacity for assets in this UMA Program. Queen City and FTJ are separate, non-affiliated entities. Individuals participating in this program should refer to FTJ's Form ADV Part 2A for more detailed information.

#### ***Termination of Agreement (in our programs)***

The Investment Advisory Services Agreement between you and our firm may be canceled at any time,

for any reason, by either of us. Services provided under the Agreement will continue until either you or we give written notice of termination to the other party or up to and through the day the assets leave our firm. Fees accrue to the date written notice is received or up to and through the day the assets leave our firm.

Upon termination, typically, all account holdings will not be liquidated to cash, unless otherwise instructed by the client or solicitor. Upon termination of the Agreement, you will be responsible for and you will be billed for fees on the prorated portion of the current month or quarter for which the agreement was in effect if the fee billing in the account is billed in arrears. If the fee billing is monthly or quarterly in advance, any prepaid, unearned fees will be calculated and promptly refunded based upon number of days remaining in the current period (month or quarterly) after the termination date. Househanded accounts may be combined for fee computational purposes. The custodian, fund sponsors or insurance companies may charge additional termination fees. If an account is terminated and advisory fees are due or owed for advisory services, our firm may seek to collect those fees from any other account with like registration that you maintain with our firm for which we are providing investment advisory services. For variable annuities, the management of the account is removed but the annuity remains intact. Upon the death of the last surviving account owner, we will continue to manage the account until we receive written notice to discontinue management to the account.

### ***Referral of Third-Party Money Managers***

Queen City Capital Management offers advisory services by referring clients to a third-party money manager offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party money managers in the form of solicitor fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager who provides your designated account with asset management services. We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your Account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Although we review the performance of numerous third-party investment advisor firms, we enter into only a select number of relationships with third-party investment advisor firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Queen City Capital Management has a conflict of interest in that it will only recommend third-party investment advisors that will agree to

compensate us for referrals of our clients.

Clients are advised that there may be other third-party managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment advisor recommended by our firm. Further, no guarantees of performance can ever be offered by our firm (Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

### ***Newsletters***

Queen City Capital Management occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis, for informational purposes only 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. QCCM 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.

### ***Limited 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. Assets in our programs are invested primarily in no-load or load-waived mutual funds and exchange traded funds, usually through clearing firms or fund companies. Fund

companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Clearing firms may charge a transaction fee for the purchase or sale of some funds. Stocks and bonds may be bought or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades.

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. (Please refer to *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* for more information.)

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

Queen City Capital Management offer services through both wrap fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee is charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged. Please refer to the section titled "Fees and Compensation" For additional information regarding fees assessed in our wrap programs. Please also refer to QCCM's Wrap Fee Brochure for additional information

Generally, we consider the All Star Funds, Index Plus, Index Plus Tax Managed and Strategic Core Portfolios to be wrap fee programs through which investment advisory services and execution of your transactions are provided for specified fees that are not based directly upon transactions in your account. Our firm and our investment team do not manage wrap fee accounts differently from other programs.

### ***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. Our consulting services are always provided based on your individual needs.

We will not enter into an investment advisor 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 firm's Asset Management Services program, 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.

### **Client Assets Managed by Queen City Capital Management**

As of December 31, 2018, Queen City Capital Management managed \$96,790,422 in assets on a discretionary basis and \$1,793,887 in assets were managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

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.

### **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 advisory 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, Managed Variable Annuity, 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, Strategic Core 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.

***Fees and Expenses for Services Provided to Other Registered Investment Advisers – Allocation Consulting Services***

For our allocation consulting services with FTJ, the fee ranges from .10% up to .30% annually.

***Additional/Other Fees and Charges***

Additional fees may be charged by Fidelity, the insurance company, or the 401(k) or 403(b) provider. We



do not share in those fees. Fees charged by these other parties include operating expenses and other fees that are ultimately borne by you. In addition, mutual funds and variable annuities may charge contingent deferred sales charges on withdrawals. We are not responsible for any contingent deferred sales charges incurred through the management of your portfolio. You should carefully review the relevant prospectuses and review the custody agreement for the custodial fees and other service charges.

Some custodians or broker/dealers for the account in our managed programs may charge maintenance or transactions fees that are separate and distinct from the investment advisory fees charged for our advisory services. Fidelity and other fund companies whose products we use in our management programs on the Fidelity Institutional Wealth Services platform may impose short-term redemption fees of up to 2.0% on the principal balance on certain of their funds if sold within one to six months of original purchase. Some Fidelity mutual funds may also have a minimal annual maintenance fee for positions of less than a certain total dollar amount.

We may buy iShares by Blackrock exchange traded funds, Fidelity exchange traded funds, or other no transaction fee exchange traded fund that may be available, through Fidelity. Typically, these buys will be made to take advantage of short-term opportunities in the market without incurring any short-term trading violations or fees that are associated with mutual funds on the platforms. Fidelity offers a select list of these exchange traded funds that are available with no transaction charges or redemption fees on their platform, which due to the cost savings may be an incentive for us to use exchange traded funds in lieu of certain mutual funds.

Participation in the Index Plus and Index Plus Tax Managed Portfolios may cost you more or less than investing directly in exchange traded funds without the assistance of our firm depending on the fees negotiated between you and the solicitor or our firm and depending on the trading activity in your account.

There is a \$200 administrative model transfer fee for each model or portfolio change on a rolling calendar year. The first model change, which includes the initial model allocation, will not be charged any additional fees.

Some solicitors, through either Securities America, Inc. (SAI) or Securities America Advisors, Inc. (SAA), or through other non-affiliated broker/dealers and registered investment advisers may also sell securities, insurance products, and other financial planning and investment services, in their separate capacities as registered representatives and investment adviser representatives. In the event that your investment adviser representative sold you the mutual fund or variable annuity in his or her separate capacity as a registered representative of a broker-dealer, your investment adviser representative may have received commission and/or trail compensation for this transaction. In addition Solicitors may select or recommend funds to their clients that are similarly recommended by us. These funds may include an annual distribution charge, referred to as 12(b)-1 fees. Registered Representatives and investment adviser representatives through ~~affiliated or other~~ non-affiliated broker/dealers and registered investment advisers may receive a portion of the 12(b)-1 fees from some investment companies whose positions are held in your account. These 12(b)-1 fees come from fund assets and thus, indirectly from your assets. The receipt of these fees could represent an incentive for firms in general to recommend funds with 12(b)-1



fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. We do not have a financial incentive if we select mutual funds that pay 12(b)-1 fees since Fidelity retains all 12(b)-1 charges. Queen City Capital Management does not receive any portion of such commissions or fees from you or the qualified custodian.

### ***Contributions/Withdrawals***

Advisory fees will be adjusted proportionately based on the value of cash or securities either added to or withdrawn from the account between billing periods. The additional investments will be invested into the portfolio at the direction of the Investment Team, no later than the next rebalancing of your account.

The portfolio services continue in effect until terminated by either party (i.e., Queen City Capital Management or you) by providing written notice of termination to the other party. When fees are billed in arrears, Queen City Capital Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

### ***Other Fee Terms for Consulting Services***

You may pay the investment advisory fees owed by having the fee deducted from an existing investment account. If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization to Queen City Capital Management for such charge. You should notify Queen City Capital Management within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent Queen City Capital Management engages an outside professional (i.e. attorney, independent investment advisor or accountant) while consulting services to you, Queen City Capital Management will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse Queen City Capital Management for such payments. To the extent that you personally engage such an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional, and Queen City Capital Management will not be required to reimburse Client for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment advisor or accountant) will be in addition to and separate from the fees charged by Queen City Capital Management, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to Queen City Capital Management for services are separate and distinct from the

commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you may also pay a commission and/or deferred sales charges in addition to the consulting fees paid to Queen City Capital Management and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to Queen City Capital Management for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual 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, you may pay an initial or deferred sales charge.

All fees paid to Queen City Capital Management for consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment advisor to implement such recommendations.

If you elect to implement the recommendations of Queen City Capital Management through our other investment advisory programs, Queen City Capital Management may waive or reduce a portion of the investment advisory fees for such investment advisory program(s). Any reduction will be at the discretion of your investment adviser representative and disclosed to you prior to contracting for additional investment advisory services.

It should be noted that lower fees for comparable services may be available from other sources.

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

Third-party managers generally have varying account minimum requirements. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the third-party money manager. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees

of performance can be offered.

### ***Newsletters***

Newsletters are provided to clients and prospective clients free of charge.

### **Performance Reports**

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

## **Item 6 – 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. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

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.

### **Minimum Investment Amounts Required**

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

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

**Custom Portfolios - \$1,000,000**

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.

For sub-account management services, Queen City Capital Management generally requires a variable annuity and/or variable life contract with a minimum account value of \$50,000.

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

### **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**

We use a modified strategic asset allocation approach to manage our discretionary portfolios in our programs. Our portfolios are primarily designed using Modern Portfolio Theory in order to target an appropriate return for a given level of risk. There is also some tactical asset allocation undertaken within a certain permissible range in response to our firm's judgment on future economic trends and conditions. Securities in our model portfolios represent different asset classes including, but not limited to: money market or cash equivalents, bonds, large company stocks, small company stocks, international stocks, industry/sector holding positions and alternative investment instruments among others. We may use computer-based or qualitative strategic or tactical asset allocation programs and various mutual fund rating services to aid in the allocation decisions for the assets in the programs. We do not separately charge for any of these services or programs.

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.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **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.



## **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

## **Item 10 – 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 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. ~~or to use Securities America, Inc. and can select any broker/dealer you wish to implement securities transactions.~~ 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.

### **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 advisors.

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

### **Code of Ethics Summary**

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, a copy may be obtained by calling us at 513-721-6089 or writing to 105 East Fourth Street, Suite 800, Cincinnati, OH 45202.

### **Our Approach to Conflicts of Interest**

Conflicts of interest that may arise in the course of providing investment management services are described throughout this Disclosure Brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with investment guidelines and restrictions. Our compliance program includes written policies and procedures that we believe are reasonably designed to prevent violations of applicable laws and regulations.

### **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.

### **Ownership in Queen City Capital Management**

Certain investment advisors and/or solicitors may have an ownership interest in the firm and thus may have a financial incentive to recommend QCCM over other investment managers.

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.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the recommendations of Queen City Capital Management. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Brokerage Recommendations**

If you elect to utilize our management services clearing, custody or other brokerage services are made available through National Financial Services, LLC or Fidelity Brokerage Services, LLC. We have an agreement with the clearing firm to manage your account. In exchange, these firms provide clearing, execution and execution services for transactions that are executed for our customers. We have also entered into agreements with various insurance companies that allow for the management and valuation of client's variable annuity accounts within the programs described above. Please refer to the "Managed Variable Annuity Program" section for more information. The insurance company custodians maintain custody of your funds or securities. Outside custodians maintain custody of all funds and securities. We do not act as a custodian for any account.

Fidelity provides Queen City Capital Management with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to Queen City Capital Management other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)

- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. Fidelity also makes available other services intended to help us manage and further develop our business.

These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to Queen City Capital Management by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at Fidelity may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Fidelity, although in this case we cannot assist you with asset management services.

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Queen City Capital Management may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, Queen City Capital Management has decided to require our clients to use broker/dealers and other qualified custodians determined by Queen City Capital Management.

~~If you elect to implement our advice, you are free to select any broker you wish.~~ Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with SAI, we require the use of SAI when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our minority owner's relationship with SAI. SAI may limit or restrict the broker/dealer or custodial platforms for its registered representatives due to its duty to supervise the transactions implemented by these individuals.

Because minority owners and representatives of Queen City Capital Management are also registered representatives of SAI, they are required to use the services of SAI and SAI's approved clearing broker/dealers. SAI serves as the introducing broker/dealer. All accounts established through SAI are cleared and held through National Financial Services, LLC. SAI has a wide range of approved securities products for which it performs due diligence prior to selection. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Because our minority owners and representatives are also registered representatives of SAI, SAI provides compliance and supervision support to our representatives. In addition, SAI provides us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by SAI that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services SAA/SAI participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian's software
- Duplicate and batched client statements, confirmations and year-end reports

Please all see *Item 5: Fees and Compensation*, for additional information about advisory services and implementing recommendations.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Queen City Capital Management does not have a soft dollar agreement with a broker-dealer or a third-party.

### **Handling Trade Errors**

Queen City Capital Management has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Queen City Capital Management to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is

absorbed by Queen City Capital Management if the error is caused by Queen City Capital Management. If the error is caused by the broker-dealer, the broker-dealer is responsible for handling the trade error. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. Queen City Capital Management may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

Queen City Capital Management will never benefit or profit from trade errors.

### **Block Trading Policy**

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.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **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.

### **Statements**

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.

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

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 adviser 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 adviser 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 a ~~n-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.



## **Other Compensation**

Our firm, our officers, directors and our supervised persons may from time to time be invited to attend seminars, meetings and training sessions provided by, and receive reimbursements for marketing and distribution allowances, due diligence fees and travel expenses from, other investment managers, custodians and data service providers, having a direct relationship with the client accounts, wherein the costs associated with the attendance by our firm are borne by the party extending the invitation. Receipt of these travel expenses are not predicated upon specific sales quotas. Other compensation may also be received, based on deposits and/or assets under management, directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, education enhancement and/or due diligence reviews incurred by our firm, directors, officers, and other supervised persons relating to the promotion or sale of our products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by other investment managers, custodians and data service providers. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which investment managers, custodians and data service providers may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the reimbursements are typically made by those other investment managers, custodians and data service providers through whom our firm has an existing relationship or those sponsors seeking a relationship with our firm.

We invest a portion of our revenues in the form of allowances to certain participating financial professionals that utilize or may utilize its program in the future. Certain financial professionals may receive a business development allowance for reimbursement for qualified marketing/practice development expenses incurred by the investment adviser representative/solicitor. While not predicated upon specific sales quotas, these amounts may depend on the amount of the investment adviser representative/solicitor's client assets managed within our programs and portfolios. This arrangement may be entered into by our firm and the investment adviser representative/solicitor on an individually negotiated basis. Our firm also provides opportunities for certain financial professionals participating in our programs and portfolios to receive fee reductions, allowances, and/or additional services based on client assets invested through its program. These arrangements are entered into between our firm and the investment adviser representative/solicitor on an individually negotiated basis. A registered investment adviser may agree to provide our firm with introductions to and information concerning its advisory representatives, provides their representatives with information concerning our firm's program and products, and permits our firm to participate in the registered investment advisors meetings and workshops. In addition to the fee reductions and/or allowances granted the registered investment adviser and/or their associated persons by our firm, we may agree to provide the registered investment adviser and their associated persons with organizational consulting, education, training and marketing support.

We may sponsor annual conferences for registered investment advisers and their associated persons designed to facilitate and promote the success of its program and the registered investment advisers. We may also bear the cost of airfare, hotel, lodging, meals, and other travel related expenses for certain

financial professionals to attend our annual conference or to conduct due diligence visits to our offices. In addition, we may, from time to time, contribute to the costs incurred by participating financial professionals in connection with conferences or other client events conducted by the registered investment advisers and their associated persons.

If your investment adviser representative/solicitor is registered in a separate capacity as a registered representative of SAI, he or she may be incented to join and remain affiliated with Securities America through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered to be a conflict of interest. We encourage you to review your investment adviser representative/solicitor firm's Form ADV closely and discuss any potential conflicts of interest with your representative. Our firm also has access to a web site, dedicated for investment advisor use that is provided and maintained by Fidelity Institutional Wealth Services. Fidelity Institutional Wealth Services makes available at a discount various products and services from unrelated outside vendors

Please see *Item 5: Fees and Compensation*, *Item 10: Other Financial Industry Activities and Affiliations* and *Item 12: Brokerage Practices*, for additional discussion concerning other compensation.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Generally, we do not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts within the programs described in *Item 4: Advisory Business*. Additionally, based on asset transmittal practices, we may be deemed to have custody of such assets. For example, by giving you the ability to transfer funds between accounts you own that are titled in the same name; or if you specifically request it, transferring funds between accounts you own that are titled in different names, we may be deemed to have limited custody of your assets. Based on our asset transmittal policies, we must undergo an independent verification of client assets under our control. Additionally, to the extent we or a related person accepts physical stock certificates in any given year; we will obtain from SAI a written internal control report provided by a qualified independent public accountant for the period in question. The internal control report is intended to show that our affiliates have established appropriate custodial controls with respect to client assets under custody.

Generally, Fidelity Institutional Wealth Services, an insurance company or other custodians maintain custody of your funds or securities. Those assets held at National Financial Services LLC, and/or Fidelity Brokerage Services LLC through Fidelity Institutional Wealth Services are maintained in a separate account based on the street name and/or account registration type. You may also contact Fidelity at 800-544-6666 or write them at [www.fidelity.com](http://www.fidelity.com) if you have questions about the statements you receive or wish to establish an online access with Fidelity. Fidelity's address is: Fidelity Investments PO Box

770001, Cincinnati, OH 45277-0003.

Assets are held in the fund custodian or platform where our firm maintains limited discretionary trading authority to implement our Investment Programs.

## **Item 16 – Investment Discretion**

Clients wishing to use our investment advisory services sign an Investment Advisory Services Agreement, which gives us limited investment discretionary trading authority. By granting this authority, we have the authority to determine, without obtaining your specific consent, the securities and amount to be bought and sold and when to buy or sell these securities. Upon receipt of your signed Investment Advisory Services Agreement, we will commence engaging in discretionary trading transactions. Limited discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy you have approved in writing. Any limitations on this discretionary authority shall be included in the Investment Advisory Services Agreement. You may change/amend these limitations in writing as required.

From the client questionnaire, you, with your investment adviser representative/solicitor, select the appropriate model based on your current financial status, future goals, attitudes toward risk, and investing time horizon. You have the right to impose reasonable restrictions on the management of the account. These restrictions must be in writing, and if unreasonable, we will notify you in writing. Failure to modify the restriction by the client may disallow the opening or continuing management of the account.

You will be required to use Fidelity Institutional Wealth Services to participate in the Index Plus and Index Plus Tax Managed Portfolios, Custom Program, Strategic Core and All Star Funds Portfolios. Any commissions and transaction fees for the Fidelity Investments program are below full service brokerage charges. We do not receive any portion of these commissions and fees.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Queen City Capital Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

For sub-account management services, when discretionary authority has been granted in writing by you, Queen City Capital Management will exercise limited discretionary authority to exchange sub-accounts available in the variable annuity and/or variable life contract without contacting you in advance to obtain your consent for each exchange. Under our sub-account management services, you have the ability to place reasonable restrictions on the available sub-accounts utilized by Queen City Capital Management. You may also place reasonable limitations on the discretionary power granted to Queen City Capital Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## **Item 17 – Voting Client Securities**

### **Proxy Voting**

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 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 18 – Financial Information**

This Item 18 is not applicable to this Disclosure Brochure. 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.

### **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. Queen City Capital Management does not initiate such a legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action against such a security issuer and whether the client should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Upon your specific instruction, we may provide assistance to you regarding an investment history related to the security underlying the individual, or class-action, lawsuit and may provide assistance with the completion of this portion of certain class-action paperwork. At no time should such assistance be deemed as a substitute for consulting with legal counsel.