



## **Wrap Fee Program Brochure**

10151 Carver Rd.  
Suite 100  
Cincinnati, OH 45242  
(513) 792-0301 or 800-478-0788  
[www.lmkohn.com](http://www.lmkohn.com)

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This wrap fee program brochure supplies information about the qualifications and business practices of L.M. Kohn & Company. If you have any questions about the contents of this brochure, please contact us at (513) 792-0301 or [compliance@lmkohn.com](mailto:compliance@lmkohn.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

More information about L.M. Kohn & Company is also available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

## SUMMARY OF MATERIAL CHANGES

The Material Changes section of this brochure will be updated at least annually or when material changes occur since the earlier release of the Firm Brochure.

Following Securities and Exchange Commission (SEC) Rules, we will ensure that you receive a summary of any material changes to this and later Brochures within 120 days of the close of our business' fiscal year. We may further supply other ongoing disclosure information about material changes, as necessary.

The entire brochure is available on our website, [www.lmkohn.com](http://www.lmkohn.com), under Form ADV/Privacy Notice. If you do not have access to the internet and would like to receive a complete copy of the brochure, please contact Cara Kimmerly at 513-792-0301 or [compliance@lmkohn.com](mailto:compliance@lmkohn.com). If you would like to receive future updates by email instead of by mail, please send your request and email address to [compliance@lmkohn.com](mailto:compliance@lmkohn.com).

### Material Changes since Advisory Brochure Form ADV Part 2A dated 12/11/2023:

- Item 4, section titled *"Direct Owners and Executive Officers"* has been updated. Robert Chess, formally Director of Supervision, has been named Chief Compliance Officer. Mike Bell, CCO and Timothy Chon, COO are no longer with the firm.
- Item 5, section titled *"Fees and Compensation"* has been updated with new disclosure language to address conflicts of interest with 12b-1 fees and their reimbursement. Conflict of interest for advisors or firms to recommend funds which also pay an ongoing 12b-1 fee. To mitigate this conflict of interest, we have arranged for 12b-1 fees to be automatically rebated back to client accounts on RBC's advisory platforms where RBC is entitled to receive service fees.
- Item 9, section titled *"Disciplinary Information"* has been updated with RBC Clearing and Custody most recent disclosure event.
- Item 12, section titled *"Brokerage Practices"* disclosure language has been added pertaining to the selection of mutual fund share classes. The firm will make every effort to ensure use of the lowest expense share class of a mutual fund in an advisory account and it is the policy of its IARs to make every effort to ensure selection of the lowest expense share class of a particular fund. Lowest expense share class in a mutual fund family may not be purchased for clients that clear trades exclusively through RBC. While efforts are made to provide clients with the cheapest share class of the mutual fund(s) that are being selected, there are some instances where trades that are being cleared exclusively through RBC are not able to be purchased (by the Firm's IARs) with the cheapest share class.

## SERVICES, FEES, AND COMPENSATION

### OUR SERVICES

#### Overview

L. M. Kohn & Company (LMK) offers a discretionary or non-discretionary program, also known as the Program, whereby our investment adviser representative will manage your assets within a brokerage account for a single fee that includes portfolio management services, reporting and transaction costs. In a discretionary account, the customer gives the Portfolio Manager authorization to make purchases and sales in the account without first obtaining the customer's permission. Under this program, we offer investment advice designed to aid you with professional management of your investments for a convenient single "wrap fee." If you take part in the Program, we charge you a specified fee which covers our advisory services and the fees for executing transactions within your account. You may also choose to take part in our "wrap program" without granting discretion. Your agreement will show if your account is discretionary or non-discretionary.

#### Joining the Program

Prior to joining the Program, if you choose to have a discretionary account you will enforce a Discretionary Investment Management Agreement with us setting forth the terms and conditions of our management of your investments within the Program. More information will be requested including, but not limited to, your financial needs, investment objectives, time horizon, and risk tolerance, as well as any other factors that are relevant to your specific financial situation and any other supporting documentation needed for the Program. The Investor Profile (and other information obtained during the first phase of our engagement, when applicable) enables us to design a suitable portfolio for you that will encompass your investment objectives, risk tolerance, and investment time horizon.

LMK will not act as the custodian for your account. RBC Custody & Clearing, a division of RBC Capital Markets, LLC (RBC), or Charles Schwab Institutional, a division of Charles Schwab & Co. (Schwab), may be recommended to take custody of your account. RBC pays a rebate to LMK for assets held in the RBC Federal Deposit Insurance Corporation (FDIC) Bank deposit program. The decision about where to take custody of assets is that of the client. Once you sign up for our required paperwork, as discussed above, we will open an account for you at RBC or Schwab under which RBC or Schwab will take and keep custody of your assets, effect security transactions for the Program, and supply confirmations of transactions executed for your account and periodic account statements. Once you have opened a securities brokerage account with RBC or Schwab and assets are deposited into your account, we can begin investing your account per our written agreement and other limitations you set up in writing.

LMK also takes part in the institutional customer program offered by Schwab. Schwab accounts will be discretionary with either the Investment Advisor Representative (IAR) or a Third-Party Manager (TPM) having the discretion. Schwab offers services to independent investment advisers which include custody of securities, trade execution, clearance, and settlement of transactions. LMK receives lower client execution costs from Schwab through our participation in the program, including zero commissions on stocks and Exchange Traded Funds (ETF) transactions. We may recommend Schwab to our clients for custody services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client

confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transactions fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to LMK by third party vendors. There is no revenue sharing, rebates, or other economic benefits shared with Schwab and LMK.

The services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by LMK or our IAR through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. Clients should be aware, however, that the receipt of economic benefits by LMK or our advisors in and of itself creates a potential conflict of interest and may indirectly influence our recommendations of Schwab for custody and clearing services.

## **Investment Management**

We are the sponsor and portfolio manager of the Program. Your IAR can directly manage your account in the Program on a discretionary basis, as specified in your written Investment Management Agreement and Investor Profile if your account is a discretionary account. Your IAR will use the information in your Investor Profile to design a suitable portfolio of assets. Your IAR manages your account in the Program with the intent to diversify your investments, and therefore may include several types of securities such as equities, preferred shares, options, warrants, exchange trade fund (ETF), mutual funds, unit investment trusts (UIT) and various fixed income securities (taxable and tax exempt). Your IAR may also recommend other types of investments when the IAR deems such investments based on your investment profile and any restrictions that you may impose.

As part of the services within the Program, your IAR will, on an ongoing basis, track the performance of your account(s), review your financial circumstances and investment objectives, meet with you periodically, and make proper adjustments to your portfolio to help the desired results. Other services within the Program typically include the following:

- Assessment of your investment needs and objectives
- Investment planning
- Development of a suitable asset allocation strategy designed to meet your goals
- Identification and evaluation of proper investment vehicles
- Deployment of indicated investment vehicles on your behalf
- Ongoing review of your accounts to ensure adherence to Investor Profile guidelines and asset allocation
- Risk monitoring
- Recommendations for account rebalancing, if necessary
- Fully integrated back-office support systems for our IAR's, including custody, trade execution and confirmation statements generated through our custodians, RBC and Schwab

There are multiple different programs to choose from for accounts custodied at RBC. Your IAR will work with you to figure out which one would be the best fit. The list of programs and details about that program are as follows:

- **UMAS (Unbundled Managed Account Solutions) – Discretionary:** There is a choice to have the IAR or a Third-Party Manager (TPM) have the discretion. This would be shown in the LMK advisory agreement. This program can be WRAP or non – WRAP. If WRAP is chosen, then LMK would be the WRAP sponsor if the IAR has the discretion. If TPM has the discretion, then that company would be the WRAP sponsor. There is also the ability to exclude assets or not take part in certain investment strategies.
- **UMAS – Non-Discretionary:** This program can be WRAP or non – WRAP. If WRAP is chosen, then LMK would be the WRAP sponsor. This would be shown in the LMK advisory agreement. There is also the ability to exclude assets or not take part in certain investment strategies.
- **RBC Advisor – Non-Discretionary:** This product is part of the WRAP program. RBC is the WRAP sponsor. This would be shown in the LMK advisory agreement. There is also the ability to exclude assets or not take part in certain investment strategies.
- **RBC UP – Discretionary:** There is a choice to have the IAR or a Third-Party Manager (TPM) to have the discretion. This would be shown in the LMK advisory agreement. This product is part of the WRAP program. If the IAR is managing the account, then LMK would be the WRAP sponsor. If TPM has the discretion, then RBC would be the WRAP sponsor. There is also the ability to exclude assets or not take part in certain investment strategies.
- **Consulting Solutions – Discretionary:** The Third-Party Manager (TPM) has discretion in this product. This would be shown in the LMK advisory agreement. This product is part of the WRAP program. RBC would be the WRAP sponsor. There is also the ability to exclude assets or not take part in certain investment strategies.
- **Investnet – Discretionary: UMAS – Discretionary:** There is a choice to have the IAR or a Third-Party Manager (TPM) to have the discretion. This would be shown in the LMK advisory agreement. This product is in the WRAP program. LMK is the WRAP sponsor. There is also the ability to exclude assets or not take part in certain investment strategies. Investnet is on the UMAS platform.

## **OUR FEES**

We may negotiate fees based on the aggregate value of related accounts, the complexity of the account, or similar factors. We will specify the amount and the way we charge fees in our written agreement with you. Generally, our standard fees are as follows:

Asset Based Fee – Range 0.25% -3.00% annually based on assets/services given. Advisory fees are charged quarterly.

We will request you to supply authorization under the L.M. Kohn Advisory Agreement for us to directly deduct our fees from the account you choose. Your periodic statements from either RBC or Charles Schwab will show each fee deduction from your account.

### **RBC Accounts –**

Our Program fee is based on a percentage of the account value as reported by RBC. We generally bill fees quarterly, in advance, during the first month of each calendar quarter (January, April, July, and

October). The first billing cycle will begin on the date found in the advisory agreement based on the account value at the time of billing as decided by RBC. We will prorate the fee for new accounts based on the number of days remaining in the calendar quarter. The quarterly billing value is equal to the closing market value of the account on the last business day of the quarter. Fees are based on the actual number of days in the quarter.

#### Schwab Accounts –

Our wrap fee program allows you to pay a single fee that covers advisory services, trade execution, custody, and other standard brokerage services. We bill fees quarterly, in terms of arrears, during the first month of each calendar quarter (January, April, July, and October). The first billing cycle will begin on the date found on the advisory agreement and is prorated based on the number of days in the calendar quarter. Fees are calculated by taking the quarterly average daily market values, multiplying by the rate divided by 4.

We generally design our portfolios as long-term investments and asset withdrawals may impair your achievement of your investment objectives. You may make additions to or withdrawals from your account at any time, subject to our right to terminate an account and, if applicable, any securities settlement procedures. Additions to your account may be in cash or securities. However, we reserve the right to liquidate any transferred securities or decline to accept them into your account. When transferred securities are liquidated, such securities are subject to transaction fees, fees assessed by the mutual fund company (i.e., contingent deferred sales charges) when an exchange into an institutional share class is not allowed by the mutual fund company and, potentially subject you to tax ramifications.

In addition to the advisory services, the wrap fee program includes certain brokerage services of Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and the Securities Investor Protection Corporation (SIPC). Schwab Brokerage Services is independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer not an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from us [or you]. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services provided to you. Schwab will hold assets in a brokerage account and buy and sell securities and execute other transactions when we [or you] instruct them too.

A wrap fee is not based directly on the number of transactions in your account. Numerous factors influence the relative cost of our wrap fee program to you, including the cost of our investment advice, custody, and brokerage services if you bought them separately, the types of investments held in your account, and the frequency, type, and size of trades in your account. The program could cost you more or less than buying our investment advice and custody/brokerage services separately.

#### **Terminating the Program**

You may end our investment management agreement without penalty at any time with 30 days' written notice. For accounts custodied at RBC investment management fees will be credited to your account prorated upon termination. For accounts custodied at Schwab the prorated investment management fee will be due to LMK upon termination.

#### **Fee Comparison**

Our fee includes services such as portfolio management (stock, bond, and mutual fund analysis, market analysis, asset allocation decisions, etc.), execution of various securities (mutual funds, ETF's, stocks,

bonds, etc.), RBC's or Schwab's periodic statements, account servicing, and continuous account management. Participation in the Program may cost you more or less than purchasing these services separately. The portfolio size and amount, number of transactions made in your account, as well as the execution costs charged for each transaction, will determine the relative cost of the Program versus paying for executions on a per transaction basis and paying a separate fee for advisory services. Our fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

## **Other Fees and Charges**

In addition to the Program fee that you pay covering the execution costs incurred on products in the Program, you may incur other fees and charges imposed by third parties, including, fees on non-standard assets, real estate investment trusts, Individual Retirement Account (IRA) administration fees, transfer taxes, wire transfer and electronic fund fees, check writing fees, SEC expenses on securities transactions, custodial termination fees, and other fees and taxes on brokerage accounts and securities transactions.

Mutual funds, index funds, and ETF's typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder service fee, other fund expenses, and sometimes a distribution fee. These separate fees and expenses are shown in each fund's current prospectus, which is available directly from the mutual fund company or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are paying two levels of advisory fees and expenses: one layer of fees and expenses is paid at the fund level and one layer of advisory fees is paid to us. The firm will make every effort to ensure use of the lowest expense share class of a mutual fund in an advisory account and it is the policy of its IARs to make every effort to ensure selection of the lowest expense share class of a particular fund. Lowest expense share class in a mutual fund family may not be purchased for clients that clear trades exclusively through RBC. While efforts are made to provide clients with the cheapest share class of the mutual fund(s) that are being selected, there are some instances where trades that are being cleared exclusively through RBC are not able to be purchased (by the Firm's IARs) with the cheapest share class.

In instances where the lowest mutual fund share class of a particular mutual fund family pays a 12b-1 fee these 12b-1 fees will be automatically rebated to the client accounts for accounts held at RBC where RBC is entitled to service fees. For accounts held at Schwab, the 12b-1 paying mutual fund can be excluded from billing or the 12b-1 will be paid to Schwab.

In the Program, we recommend no-load, institutional or advisor class funds or load-waived mutual funds, which do not have a commission or sales charge. Most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

Our wrap fee covers our advisory services and the brokerage services provided by Schwab [including custody of assets, equity trades, ETFs, and agency transactions in fixed income securities]. As a result, we have an incentive to execute transactions for your account at Schwab.

Our wrap fee does not cover all fees and costs. The fees not included in the wrap fee include charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be shown in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs,

spreads paid to market makers, fees (such as a commission or markup) for trades executed away from [Schwab/Custodian] at another broker-dealer, wire transfer fee and other fees and taxes on brokerage accounts and securities transactions.

## **ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Account Requirements**

The Program may not be available for all investors depending on the amount of size and activity in your account. Your service agreement will indicate your participation in the program.

### **Types of Clients**

We provide the Program to individuals, pension and profit-sharing plans, trusts, estates, corporations, and other business entities.

## **PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Advisory Business**

We are the sponsor of the Program, and our IAR's act as the portfolio managers for the Program accounts. As a firm, we maintain approval standards for IAR's who wish to participate as Program account manager. Each IAR candidate provides our firm with background information that includes, but is not limited, to the following items:

- Investment philosophy and management style
- Years of industry experience
- Educational background, including graduate and undergraduate degrees
- Professional designations
- Disciplinary history for 10 years
- Credit history for 10 years

We verify and evaluate the above-referenced information as part of our due diligence for accepting an IAR as a portfolio manager in the Program.

In many instances, the IAR already has a successful advisory relationship with the client and the IAR utilizes the Program as an added tool for managing client assets.

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

We do not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of your assets).



# **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

## **Methods of Analysis**

We make available a stable of investment research and services for our IARs to use to utilize fundamental analysis to evaluate securities for potential investments. Fundamental analysis is a technique that tries to find a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for the market to reflect the company's value, the risk associated with this method of analysis is that a gain is not realized until the stock market price rises to the company's true value.

The valuation method is a technique we use to calculate theoretical value of a stock, estimating its potential future market price. When using the valuation method, we will review such things as stock's earnings per share, price to earnings, and growth rate.

We also use technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed to illustrate patterns. Technical analysis studies the market's supply and demand to decide what direction, or trend, will continue in the future. Cyclical analysis is another form of technical analysis which focuses on the regularity of movements in the stock market and times trading to coincide with expected market cycles. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We obtain information from several sources, both public and by purchase, including financial newspapers and magazines, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

## **Investment Strategies**

We use a variety of investment strategies depending on your circumstances, financial goals, and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year), short-term purchases (held less than a year), trading (held less than 30 days), margin transactions (purchase of assets on credit extended by a broker-dealer), as well as option purchases and option writing (selling an option).

## **Types of Investments and Risk of Loss**

We may recommend implementing these strategies using stocks, preferred shares, bonds, unit investment trusts, mutual funds (held directly or held within variable annuities or life insurance products), exchange traded funds (ETF's), municipal securities, USG agency or UST direct obligations, corporate debt both senior and subordinated, options contracts, and other types of investments.

Investing in securities involves the risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We will work with you to find risks and rewards that are right and comfortable for you, and we will explain and answer any questions you have about these kinds of investments. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to make our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments, we cannot assure you that your investments will be profitable or assure you that no losses will occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

### **Mutual Funds, Index Funds, and Exchange-Traded Funds**

We often recommend mutual funds of various kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/international, or equities/bonds. We may recommend periodic purchases, sales, and exchanges of those mutual fund shares, within mutual fund families and between different mutual fund families, when there are changes in your needs, market conditions, or economic developments.

Different asset allocations used through mutual funds and or exchange traded funds each have inherently different risk characteristics and expense structures. They should not necessarily be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below-average risk. Even though both funds have minimal risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e., money markets) offer the greatest price stability but have yielded the lowest long-term returns. Bonds generally experience more short-term price swings, and, in turn, have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations—and have supplied the highest long-term returns.

The risk of any given mutual fund depends on the investments it makes. For example, a bond fund has interest rate risk and income risk. Bond prices are inversely related to interest rates. If interest rates go up, bond prices will go down and vice versa. Bond income is also affected by a change in interest rates. Bond income (yield) is related to interest rate changes. If interest rates rise, bond yields rise and vice versa. Income risk is greater for a short-term bond fund than for a long-term bond fund.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this industry related risk. However, while diversification across industries can help reduce your risk of loss from investing in a single sector, it may limit your opportunity for a significant gain if a single industry or sector increases dramatically in value.

With respect to all classes of mutual funds and ETF's, diversification does not protect you from an overall decline in the market. You should consider these risks in deciding whether to use our services.

### **Individual Stocks and Bonds**

The risks inherent with individual stocks and bonds are greater than those described in terms of mutual funds. When you buy individual securities, you are taking on "single stock risk", meaning the company may not be executing on their strategy and could fall behind their competitors. Similar risks would be

found in individual bonds. Additionally, individual securities can carry more risks because of the possible lack of diversification if your portfolio isn't spread across many industries and companies. An owner of an individual security is subject not only to market risk, but company risk, or "significant event" risk as in the case of bankruptcy, loss of major customers, loss of earnings, or similar factors. Typically, individual securities have more volatility and potential for larger gains and losses. Unlike mutual funds, you face a greater risk of losing your entire investment in an individual stock or bond.

## **Options**

Where suitable and right for clients, we may engage in a variety of transactions involving options, although they do not stand for our investment strategy's primary focus. Options are derivative financial instruments, where the value depends upon, or is derived from the value of something else, such as a stock or a stock index. For certain clients, we may utilize buy write strategies as well as cash back put sells when suitable, the values of which move in the opposite direction from the price of the underlying security. We also may use options, both for hedging and non-hedging purposes, as a substitute for a direct investment in the securities of one or more issuers.

Options involve special risks and may result in losses. The successful use of options depends on our ability to manage these sophisticated instruments. Some options strategies are "leveraged," which means that they expose the underlying portfolio to risk of loss greater than the value of the investment in the options. As a result, options may magnify or otherwise increase investment losses to the portfolio. The risk of loss from certain options trading strategies is theoretically unlimited. Option prices may move unexpectedly due to leverage or other factors, especially in unusual market conditions, and may result in increased volatility.

Options are not suitable for all clients. Your IAR can answer any questions you may have about options and can provide you with the options disclosure booklet, Characteristics & Risks of Standardized Options ([www.theocc.com](http://www.theocc.com)), upon request.

## **Voting Client Securities**

As a matter of firm policy and practice, we will not be responsible for responding to proxies asked for with respect to annual or special meetings of shareholders of securities held in your account. Proxy solicitation materials will be sent to you for response and voting.

## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As the portfolio manager, our IAR's have access to all the information you supply them, including your financial information, investment objectives, risk tolerance level, tax status, investment experience, financial status, and other information relating to your investment profile.

Our firm has adopted a Privacy Policy, per Regulation S-P under section 504 of the Gramm-Leach-Bliley Act, which restricts our firm and our investment adviser representatives' use of and access to your nonpublic personal information. Our investment adviser representatives can access your information as needed to help service your needs under the Program. For us and our investment adviser representatives to effectively manage your account and help you in meeting your financial goals, you must update us as soon as possible when any changes to your personal or financial information occur. You may obtain a complete copy of our Privacy Policy by contacting our primary office at the number on the front of this brochure.

## **CLIENT CONTACT WITH PORTFOLIO MANAGERS**

There are no restrictions on when you may contact or consult with us or your IAR regarding the Program or your account.

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

Besides being registered with the Securities and Exchange Commission (SEC) as an investment adviser, we are also registered as a broker-dealer with the SEC. We are a member of the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rule Making Board (MSRB) and the Securities Investor Protection Corporation. Our principal executive officers and IARs are broker-dealer registered representatives.

In addition, we are a licensed domestic insurance agency in the State of Ohio, under which we may engage in the sale of fixed and variable annuities and life insurance. We are also qualified in several states to engage in sales of life insurance and annuities. Many of our advisory representatives are also licensed as insurance agents or brokers of various insurance companies and receive insurance commissions on insurance purchases which we recommend. The added compensation creates conflicts of interest, which you should consider in engaging our services or the services of our affiliated businesses.

Our principal business is to be a broker-dealer engaged in securities transactions on behalf of customers.

### **Code of Ethics**

We have adopted a Code of Ethics describing the standards of business conduct we expect all officers, directors, employees, and IARs to follow. It expresses our core fundamental values to be honest, fair, and forthright in our dealings with clients and others in the conduct of our business. Our code also guides our practices in giving investment advice to our clients and personal trading of securities for our employees and their related accounts. The code also describes certain reporting requirements with which individuals associated with or employed by us must comply. You may request a copy of our Code of Ethics by contacting our Chief Compliance Officer, Robert Chess, at (513) 792-0301.

### **Participation or Interest in Client Transactions and Personal Trading**

In addition to being registered as an investment adviser, we are a broker dealer and member of FINRA and SIPC. As such, our principal executive officers and most of our IARs are also broker-dealer registered representatives. We, and our registered representatives, can execute buy and sell orders for securities on behalf of our clients. When we do so, we may receive compensation in the form of commissions because of placing such orders for clients. You are not under any obligation to use us as a broker dealer or our registered representatives in that role when considering our advisory recommendations.

Our principals and representatives may own or effect transactions in the same securities we recommend to you or our other clients. Generally, these securities will be shares of open-end mutual

funds or stocks and bonds actively traded on a national securities exchange or market where the time and size of their purchases or sales will not affect transactions for you or our other clients.

Nevertheless, in all cases when your representative trades securities on the same day as you, you will get the best price, or the trade will be executed in the average price account as a block or batched trade (also called an aggregated order). In a batched trade, all orders for accounts are combined in one order. All participants receive identical prices, which prevents such employees (or associated persons) from benefiting from transactions placed on behalf of advisory accounts.

While we generally don't give advice about thinly traded securities, if we recommend the purchase or sale of a thinly traded security to you, we will ensure that our principals' and representatives' transactions do not adversely affect you, nor improperly benefit them, typically by imposing the same day blackout period.

We have securities trading policies in our Code of Ethics to prevent our employees from benefiting from transactions placed on behalf of any client's account. To mitigate the conflict of interest in these situations we have set up the following trading restrictions:

- Our representatives may not use information available to them because of their employment with us to buy or sell securities for their personal portfolios unless the information is also available to the investing public upon reasonable inquiry. A representative shall not favor his or her interests above your interests.
- We inform you that our representatives may receive separate compensation when implementing our financial plans.
- We require our representatives to act following all applicable federal and state regulations that govern investment advisers and broker-dealers.

A representative who violates these restrictions may be subject to disciplinary action, up to and including termination.

## **Review of Accounts**

We conduct reviews periodically or as requested by you or at the time of significant new deposits or withdrawals, during substantial changes in market conditions, or according to the interval agreed upon at the time of engagement. You must contact us when a real or potential change in your financial condition occurs so we can review the portfolio along with your current information to ensure the investment strategies continue to be appropriate.

Our principals handle reviewing your account and trading activity in your account. For example, one or more members of our compliance department review all accounts upon opening. Additionally, we review activity in advisory accounts as part of our daily review of trading activity in client accounts.

Under this Program, you will receive account statements quarterly, or more often based on account activity, from your custodian (RBC or Schwab). These statements include the evaluation of each security in your account. We also supply reports which include portfolio performance and position reports. We may also supply other reports that you may request sometimes. When available, reports may be

delivered to you via e-mail upon request. None of these reports are meant to replace or supersede your quarterly statements from your custodian (RBC or Schwab).

**Financial Information**

As a registered investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and advisory commitments to you. We have not been the subject of bankruptcy proceedings and do not have any financial commitments that would impair our ability to meet any contractual or advisory commitments to you.