

**Item 1 - Cover Page**

**Form ADV Part 2A  
Disclosure Brochure**

**LCM Capital Management Inc.**

**209 W. Jackson Boulevard, Suite 777  
Chicago, Illinois 60606**

**Phone (312) 705-3013  
Fax (312) 705-5044**

**Website: [www.lcmcapital.com](http://www.lcmcapital.com)**

**Email: [lcm@lcmcapital.com](mailto:lcm@lcmcapital.com)**

**April 19, 2024**

This brochure provides information about the qualifications and business practices of LCM Capital Management Inc. ("LCM"). Being registered as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 312 705-3013. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about LCM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for LCM is 111074.

## **Item 2 - Material Changes**

### **Annual Update**

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

### **Material Changes since the Last Update**

Since the last update on April 26, 2023 the following has been updated:

- Item 4 to update the assets under management for the firm.
- The entire brochure has been updated for compliance purposes.

### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

### Item 3 - Table of Contents

#### Contents

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

## **Item 4 - Advisory Business**

### **Firm Description**

LCM Capital Management Inc. ("LCM") is a registered investment advisor based in Chicago, Illinois. We are organized as a corporation under the laws of the State of Illinois. LCM has been providing investment advisory services since 2001. John Michael Nowicki and Gary Michael Wozny are the principal owners.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to LCM Capital Management Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are registered as investment adviser representatives in all required jurisdictions.

### **Types of Advisory Services**

#### **Asset Management**

LCM provides investment advisory services through ongoing supervisory management for individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations on a discretionary basis. Described below are our investment advisory services including how we adapt our advisory services to your individual needs. Additionally, LCM also provides certain non-discretionary advisory services.

#### **Advisory Services to Retirement and 529 Plan Participants and Employee Education Services**

LCM offers non-discretionary advisory services for participants of retirement and 529 plans. These services provide assistance with recommendations as to how to allocate your investments among the investment choices. Investment choices are limited to availability of funds in the respective plan. Where appropriate, we may provide you with recommendations to change your asset allocation in an effort to remain consistent with your stated financial objectives. LCM also can assist participants in creating and providing discretionary management of diversified portfolios of investments for participants using off-the-shelf or customized asset allocation models; helping participants with overexposure to company stock reduce these holdings over time to reduce volatility and business risk; and working with pre-retirees or those approaching Required Minimum Distribution age (RMD) to evaluate their retirement income needs and implement strategies for managing, spending and investing voluntary or mandatory distributions from their retirement accounts. You are free at all times to accept or reject any of our investment recommendations. You are solely responsible for implementing our recommendations.

LCM offers a variety of educational services targeted to participants in defined contribution plans. These include: online and print resources and one-on-one consulting services to encourage enrollment and help participants choose appropriate deferral rates and investment elections; leading or co-presenting enrollment meetings to encourage participation and help employees choose appropriate deferral rates and investment elections; providing a broad range of targeted online or printed investment education materials that address the varied needs of investors with different financial goals, life-stage issues, and levels of investment knowledge; providing participants with access to online or offline retirement planning tools to help them make appropriate contribution and investment election decisions; providing participants with detailed and timely information on the plan's investment options to ensure compliance with ERISA 404(c) regulations, if appropriate.

### **Pension Consulting – Retirement Plan Services**

LCM provides a wide range of inter-related services for retirement plans to assist Plan fiduciaries in fulfilling their ERISA responsibilities. Services include: investment advisory consulting services to aid in establishing and documenting processes for establishing a plan's asset allocation and evaluating, selecting, monitoring and replacing investment options; creating or modifying a formal investment policy statement that defines specific processes to be used for evaluating, selecting, monitoring, reviewing and changing a plan's asset allocation and investment options; manager due diligence, evaluation and selection - using objective, prudent processes for researching, evaluating and recommending a diversified, cost-efficient lineup of active and/or passive investment options for the plan; and performance monitoring and reporting - evaluating and reporting performance and risk characteristics of the plan's investment options and recommending changes where appropriate. LCM can also assist with researching, evaluating and recommending QDIA options and suitability requirements for participants who do not make investment elections or are re-enrolled automatically and conducting and presenting quarterly and/or annual reviews of the plan's investments to evaluate performance, risk characteristics and expenses, and recommend changes where appropriate.

In providing these services, LCM may act as a fiduciary under ERISA Section 3(21).

### ***LCM acting as an advisor under ERISA § 3(21)***

For the purposes of ERISA § 3(21), LCM (as mentioned above) does not exercise any discretionary authority or control with respect to management of the Plan or management or disposition of its assets or have any discretionary authority or discretionary responsibility in the administration of the Plan. Therefore, LCM is not a "fiduciary" pursuant to ERISA except to the extent it renders "investment advice" to the Plan within the meaning of section 3(21) of ERISA and Department of Labor regulations thereunder. The participants are responsible for any individual investment selections made under the Plan.

Under ERISA § 3(21), LCM acts as the advisor making investment recommendations to the plan sponsor, but it is ultimately up to the Plan sponsor to decide whether and how to implement these recommendations. Furthermore, under ERISA § 3(21), the participants are responsible for any individual investment selections made under the plan.

LCM has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Real estate (except for real estate funds or publicly traded REITs);
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of fees paid to LCM under the advisory agreement.

All of our retirement plan consulting services, whether general or customized, will be outlined in an Agreement that shows the services that will be provided and the fees that will be charged for those services.

### Wrap Fee Program

LCM sponsors a wrap fee program, for details, see our Form ADV Part 2A, Appendix 1 - Wrap Fee Program Brochure.

### Client Assets under Management

LCM has the following Client assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$301,249,451	\$19,099,389	1/31/2024

## Item 5 - Fees and Compensation

### Method of Compensation and Fee Schedule

#### Asset Management

The fee schedule is disclosed in the Wrap Fee Program Brochure, Item 4.

#### Advisory Fees to 529 Plans.

Our fee for non-discretionary 529 Plan services is based on a percentage of the market value of the assets under the advised Plan. The advisory fee is billed and payable monthly or quarterly in arrears based on the value of your account on the last day of the preceding time period. The fee is determined as follows:

<u>Market Value</u>	<u>Maximum Annual Fee</u>
All assets	0.50%

If the agreement for services is commenced at any time other than the first day of a month/quarter, our fees can apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month/quarter for which you are a client.

Upon termination of the agreement, you will assume responsibility for choosing the funds or investments within the Plan. The advisory fee will be prorated for the month/quarter in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the month/quarter for which you are a client.

#### Advisory Fees to Pension Consulting – Retirement Plan Services

The compensation arrangement for these services will be negotiated on a case-by-case basis and the exact fee paid by the client will be clearly stated in the services agreement signed by the client and the firm. The compensation of LCM for the services it provides for Retirement Plan services is described in Schedule A of the Plan Agreement with LCM. The Plan Sponsor is obligated to pay the fees; however, the Plan Sponsor may elect to have the Plan pay them. LCM will either send invoices to the Plan and be paid by check or the recordkeeper will debit fees per the Plan Sponsor's instructions.

The services we provide to your Plan, and the corresponding compensation are described above, and in the service agreement that you have signed with our firm. We may, with consent of the Plan, and in accordance with Plan documents, bill out of pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

You may terminate the services agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. LCM does not charge a termination fee but there may be administrative or other fees charged by a third-party administrator due to termination.

### **Client Payment of Fees**

Fees for 529 Plan asset management services and for retirement plan/pension consulting are:

- Deducted from a designated Client account. The Client must consent in advance to direct debiting of their investment account.
- Check – to be remitted by Client to LCM
- Electronic Payment by ACH

### **Additional Fees and Expenses**

Custodians may charge transaction fees and other related costs on the purchases or sales of mutual funds, equities, bonds, options and exchange-traded funds. Mutual funds, money market funds and exchange-traded funds also charge internal management fees, which are disclosed in the fund's prospectus. LCM does not receive any compensation from these fees. All of these fees are in addition to the management fee you pay to LCM. For more details on the brokerage practices, see Item 12 of this brochure.

### **Prepayment of Client Fees**

LCM does not require any prepayment of fees.

### **Compensation for the Sale of Other Investment Products**

Associated Persons who provide investment advice on behalf of our firm may also be licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

LCM does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for LCM to recommend an investment that may carry a higher degree of risk to the Client.

### **Item 7 - Types of Clients**

We offer investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations.

In general, we require a minimum of \$25,000 to open and maintain an Equity / Asset Allocation Strategy Portfolio and \$100,000 for a Fixed Income Strategy Portfolio. At our discretion, we may lower or waive this minimum account size.

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

### **Methods of Analysis**

LCM primarily relies on a fundamental analysis in order to select portfolio securities, both equity and fixed income, and to determine whether particular securities should be held or sold. Our analysis focuses on the strength of the issuer. With respect to equities, LCM also considers sector and industry weightings of the company and whether it has the potential to be a long term holding versus other companies in a similar sector. LCM seeks to hold in its equity portfolios companies which hold a leading position in their sector. LCM will generally sell a holding if the equity no longer holds a leading position in its sector. The decision to add, remove or replace an equity security is based on the fundamentals of the security, for example, problems such as product failures or dividend cuts.

While cyclicalities can play a role in some security selections, the overall purpose is to invest in securities within a sector that we believe are most likely to maintain their leading position despite a downturn in their sector or the general economy and markets. Each of the principals of LCM has 36 years' industry experience; they apply this experience in making judgments from time to time regarding the individual securities included in the portfolio holdings. The LCM equity holdings are primarily derived from the S&P 500 and the EAFE International indices.

In addition to issuer fundamentals as described above, the selection of both equity and fixed income securities for client portfolios requires monitoring of, judgment related to, and a variety of factors including:

- Inflation
- Interest Rates
- Economy & Industry Sectors

The investment analysis process requires utilization of a variety of sources in order to provide the basis for objective and subjective informed judgments. These sources may include: government and Federal Reserve publications and reports, industry associations and publications, other Internet resources and seminars/webinars on economic, business and investment subjects.

### **Investment Strategies**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to LCM. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

LCM utilizes one or more of the following investment strategies when implementing investment advice:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Generally, our investment strategies utilize long term purchases and low portfolio turnover and infrequently use short term purchases and trading.

We can rebalance portfolios in light of current market conditions and client needs. The investment



advice provided along with the strategies suggested by LCM will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. You should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in relation to your experience, objectives, financial resources and other relevant circumstances.

### **General Investment Risk**

Generally, while our investment strategy does not involve frequent trading, leverage, or short selling, there still exist material risks with any investment strategy. With fixed income investing the two principal factors of risk are maturity and default risk. We attempt to manage this risk by monitoring our holdings. Investing in equities presents risk of loss and we attempt to manage this risk with diversification, global asset allocation and rebalancing.

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security. For example, political, economic and social conditions may trigger market events, including the possibility that the markets will go down sharply and unpredictably. Local, regional or global events such as war, acts of terrorism, social disorder, acts of God, the spread of infectious illness, pandemic or other public health issue, recessions, or other events could have a significant adverse impact on the prices of stocks and bonds.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **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 an industry or a 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 carry a higher risk of profitability than an electric company, which generates 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. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a declining market value.
- **International Investment Risk:** Foreign securities may have special risks, in addition to those associated with any securities, such as trade tariffs, currency controls, exchange rate fluctuations, withholding taxes, political insecurity and instability which can result in losses.

### **Specific Strategies Risks**

In regard to certain clients and their individual financial needs, LCM occasionally will use short selling as a strategy to manage aspects of their portfolio. This strategy is utilized with consent from the client. Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (typically, a broker-dealer) with the obligation of buying identical assets later to return to the third-party lender. Individuals who engage in this activity will only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

At the direction of the client, LCM uses margin in client accounts to manage liquidity needs and the timing of purchases and sales, as appropriate and with prior approval from the client. In addition, when appropriate, LCM employs options strategies to hedge or gain additional exposure to a particular asset class or sector. Following are some of the risks associated with certain transactions:

- To the extent that a client authorizes the use of margin, and margin is thereafter employed by us in the management of the client's investment portfolio, the market value of your account and the corresponding fee payable by you to us will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to us. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.
- Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear.

### **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by LCM or our management persons.

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

#### **Broker-Dealer or Representative Registration**

LCM is not registered as a broker-dealer and no affiliated representatives of LCM are registered representatives of a broker-dealer.

#### **Futures or Commodity Registration**

Neither LCM nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

#### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

John Nowicki and Gary Wozny, principals of LCM, are also licensed insurance agents, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that LCM or its advisory affiliates recommend the purchase of insurance products where the adviser or its advisory affiliates receive insurance commissions or other additional compensation. Clients may purchase these products through a different insurance agent.

#### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

LCM does not select or recommend other investment advisors.

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

#### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices and to act at all times in a manner consistent with our fiduciary duty to our clients. Our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, the Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items. All supervised persons at LCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Our Code of Ethics is available to you upon request. You may obtain a copy by contacting us at (312) 705-3013 or [jnowicki@lcmcapital.com](mailto:jnowicki@lcmcapital.com).

#### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

LCM and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

### **Participation or Interest in Client Transactions**

LCM has offered for sale and sold convertible bonds in its own company to some, but not all, of its advisory clients. The bonds have all matured, with some being converted to shares of ownership in LCM, while other bondholders chose a return of principal. The ownership in LCM represented by these shares is approximately 8% in total. This creates a conflict of interest in that LCM has an incentive to favor those clients that have purchased and received an equity position over those that do not have equity ownership in LCM. These conflicts are mitigated by the fiduciary duty LCM and its advisory representatives have to act in the client's interest, and by their commitment to follow LCM's Code of Ethics.

### **Personal Trading Practices**

LCM and its Access Persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions. Access Persons are required to disclose all reportable securities transactions as well as provide LCM with copies of their brokerage statements.

The Chief Compliance Officer of LCM is John Nowicki. He reviews all trades of the Access Persons each quarter. The personal trading reviews ensure that the personal trading of Access Persons does not affect the markets and that Clients of the firm receive preferential treatment over Access Persons' transactions.

### **Item 12 - Brokerage Practices**

We maintain relationships with several broker-dealers. We recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Benefits**

We recommend that a client utilize the brokerage and custodial services of Charles Schwab & Co. Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC, or Fidelity Brokerage Services LLC and National Financial Services LLC ("Fidelity"), Members NYSE/SIPC. Schwab and Fidelity are independent and unaffiliated SEC-registered broker-dealers. Schwab and Fidelity offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

Our participation in the following Schwab and Fidelity institutional platforms do not constitute a

formal soft dollar agreement. However, we do receive economic benefits as a result of our participation as itemized below.

Schwab provides LCM with access to Schwab's institutional trading and custody services, which are typically not available to Schwab's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. Schwab Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For LCM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to LCM other products and services that benefit LCM but may not benefit its clients' accounts. These benefits may include national, regional or LCM specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of LCM by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist LCM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of LCM's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of LCM's accounts. Schwab also makes available to LCM other services intended to help LCM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to LCM by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to LCM. LCM is independently owned and operated and not affiliated with Schwab.

We receive substantially similar economic benefits as a result of our participation in the Fidelity Institutional platform.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through Fidelity and/or Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisors require their clients to direct

brokerage to a specific securities firm or brokerage platform.

Generally, LCM does not accept client directed brokerage arrangements, but may from time to time. If clients are to custody away from or direct brokerage away from Schwab or Fidelity, that may limit LCM's ability to block trades and/or obtain best price and execution. Additionally, clients may incur transaction costs.

### **Cross Trades**

LCM, at times, will affect a cross transaction for an advisory client, provided that we believe the transaction is consistent with its fiduciary duty to the client.

Additionally, LCM will only execute cross transactions among its advisory clients if we believe the transactions will benefit both clients and both clients have been duly notified and have given their approval. These transactions will be executed through an independent broker. For any unsolicited cross trades, the seller may incur a liquidation transaction fee as defined in the Investment Advisory Agreement.

### **Block Trades**

LCM, where possible and when advantageous to clients, will combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 - Review of Accounts**

John Nowicki and Gary Wozny, principals of LCM, oversee all investments and portfolio strategies. Portfolios are reviewed quarterly. The reviews ensure that the advisory services provided to you and the portfolio mix are consistent with your current investment needs and objectives. At least annually, we will notify you in writing to contact us or the representative if there have been changes in your financial situation or investment objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with a quarterly report which shows gains and losses for the period. Additional reports such as bond analyses, asset allocation reports and other reports may be provided as determined by the requirements of the client. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s). LCM urges clients to compare carefully the reports provided by LCM and the account statements provided by the custodian for accuracy and completeness.



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

#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services which they make available to us and other independent investment advisors that have their clients maintain accounts at Schwab and Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We have entered into contractual arrangements with one or more Associated Persons of our firm, under which these individuals may receive compensation from our firm for the establishment of new client relationships. Associated Persons who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. Incentive based compensation paid to any such employee will be contingent upon you, as client, entering into an advisory agreement with our firm. You will not be charged additional fees based on this compensation arrangement. However, such a contractual arrangement creates a conflict of interest as the Associated Person will have a financial incentive to recommend our firm to you for advisory services. However, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

LCM has entered into a Client Benefit agreement with Charles Schwab & Co., Inc. ("Schwab") through its Advisor Services division. Under the provisions of the agreement, Schwab will pay third-party vendor invoices on behalf of LCM for products and services deemed eligible in the "Guidelines". The eligible services are listed under four general categories: Legal, Compliance, Technology & Research, and Marketing & Consulting. Invoices must be billed to LCM and submitted to Schwab by LCM.

LCM has entered into a Support Services agreement with Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity through its Institutional Wealth Services division has agreed to pay for certain support services that are intended to support LCM in conducting its business. Fidelity will pay for transition related expenses up to a specified limit in connection with LCM's transition to Fidelity.

### **Item 15 - Custody**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to carefully compare the account statements received directly from their custodians to any documentation or reports prepared by LCM.

LCM is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of LCM.

LCM is also deemed to have limited custody due to its Third-Party Standing Letters of Authorization ("SLOA").

LCM and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and be subject to the surprise exam requirement:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes LCM, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. LCM has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. LCM maintains records showing that the third party is not a related party nor located at the same address as LCM.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16 - Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) and the broker-dealer to be used for such transactions without obtaining your consent or approval prior to each transaction. You may limit this authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to item 4 "Advisory Business" section in this Brochure for more information on our discretionary management services.

### **Item 17 - Voting Client Securities**

#### **Proxy Voting**

LCM as a matter of policy and as a fiduciary to our clients has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Our policy states, among other provisions, that clients may direct our voting by placing reasonable restrictions in writing. Generally, LCM will vote in favor of routine corporate housekeeping proposals (including the election of directors). About other proposals, LCM will consider management's opinion and proposals' effects on shareholder value.

In the event you wish to direct our firm on voting a particular proxy, you should contact John Nowicki at (312) 705-3013 and/or [jnowicki@lcmcapital.com](mailto:jnowicki@lcmcapital.com) with your instruction.

LCM will identify any conflicts that exist between the interests of LCM and the client by reviewing the relationship of LCM with the issuer of each security to determine if LCM or any of its



employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, John Nowicki will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation.

LCM will maintain a record of the voting resolution of any conflict of interest. An LCM advisory client may, at any time, request a copy of LCM's proxy voting policies and procedures and a record of how certain proxies were voted.

#### **Item 18 - Financial Information**

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. LCM does not have any adverse financial condition to report. LCM has not been the subject of a bankruptcy petition at any time. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.