

# Touchstone Capital, Inc.

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Touchstone Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (724) 933-8388 or by email at: [info@touchstonecapital.com](mailto:info@touchstonecapital.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.*

*Additional information about Touchstone Capital, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Touchstone Capital, Inc.'s CRD number is: 282537.*

*Touchstone Capital, Inc. is a Registered Investment Advisor. This registration does not imply any level of skill or training.*



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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Touchstone Capital, Inc on March 14, 2023 are described below.

- The owner of Touchstone Capital, Inc, is Touchstone Capital Ventures, Inc.
- David Simeone is no longer affiliated with Touchstone Capital, Inc.
- Commonwealth Financial Network provided a loan to Theodore Kerr on 08/13/2019, of \$396,000, this was paid off in 2023.
- Commonwealth Financial Network provided two loans to Theodore Kerr, both on 11/28/2023 of \$425,000 and one of \$345,000.

You may request a copy of our current Brochure at any time, without charge, by calling us at (724) 933-8388 or e-mailing us at [etreater@touchstonecapital.com](mailto:etreater@touchstonecapital.com).

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## Item 4: Advisory Business

Touchstone Capital, Inc. (hereinafter “TCI”) is a Corporation organized in the State of Pennsylvania.

The owner of TCI is Touchstone Capital Ventures, Inc.

The firm was formed in July 2000 and became registered as an investment adviser in 2016. Prior to registration as an investment adviser, TCI provided insurance services (which it continues to do) and served as the entity through which Theodore Stephen Kerr paid expenses and received income as representative of Commonwealth Financial Network. (herein after “Commonwealth”)

### Types of Advisory Services

#### ***Investment Management Services***

TCI offers ongoing investment management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TCI creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Investment management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Variable Annuity Insurance
- Qualified Tuition Plans
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

TCI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. TCI will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction; however, TCI will also accept non-discretionary accounts for which TCI will secure client permission prior to proceeding with any transactions. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of TCI’s economic, investment or other financial interests. To meet its fiduciary obligations, TCI attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, TCI’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is TCI’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time. The account is monitored by your advisor on a regular basis, and your advisor will meet with you no less than annually to review the account’s holdings and performance.

#### ***Commonwealth’s PPS Select Program***

TCI has entered into an agreement to offer clients access to certain programs offered by Commonwealth, an SEC-registered investment adviser. Commonwealth is the sponsor of PPS Select. The PPS Select program offers a variety of model portfolios from which investors may choose. The PPS Select model portfolios are created and managed by Commonwealth’s Investment Management and Research team. The client’s financial advisor will help the client

determine which PPS Select models are best suited for the client based on his or her risk profile, investment objectives, and preferences, leaving the actual investment decisions to Commonwealth's Investment Management and Research team. PPS Select offers a variety of model portfolios with varying investment product types, including mutual fund and ETF portfolios, fixed income portfolios, and variable annuity sub-account portfolios. The account is monitored by your advisor on a regular basis, and your advisor will meet with you no less than annually to review the account's holdings and performance.

### ***Wealth Management Services***

Wealth management services may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. Investment planning involves working with clients to make sure their investments match their respective risk tolerance and goals. Tax concerns are addressed by working with the client to determine and compare effective tax rates for income, capital gains and other earnings or investments, then attempting to allocate the client's resources accordingly. Life insurance planning entails reviewing the life insurance and/or disability insurance needs of the client, together with any applicable dependents, spouse, or other relatives, and assessing appropriate coverage for these individuals. College planning entails helping clients save for higher education, whether for the client or his/her children or other dependents, in the ideal manner to suit the client's overall financial goals and means. Wealth management services for retirement planning entails making sure clients are financially equipped for retirement in light of the client's anticipated income and expenses, investments, and other assets. Debt/credit planning consists of breaking down client budgets and aiding clients in decision-making as to current debt, anticipated significant expenses and potential debt, and avoiding excessive debt.

### ***Retirement Plan Consulting***

TCI offers its advisors a fee-for-service consulting program whereby advisors may offer one-time or ongoing advisory services to qualified retirement plans. Clients may engage TCI advisors for Retirement Plan Consulting services on a negotiated hourly, flat, fixed, or asset-based fee basis. The maximum annual account consulting fee, when stated as a percentage of assets, is 2.50% and is negotiable. Fees may be paid at the time of service, in advance of service, or after service has been rendered. Through the Retirement Plan Consulting program, advisors assist plan sponsors with their fiduciary duties and provide individualized advice based upon the particular needs of the plan and/or plan participants regarding investment management matters, such as: investment policy statement support, investment selection and monitoring, overall portfolio composition, and participant advice programs.

#### **Services Limited to Specific Types of Investments**

TCI generally limits its investment advice to mutual funds, fixed income securities, insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities, venture capital funds and private placements. TCI may use other securities as well to help diversify a portfolio when applicable.

#### **Client Tailored Services and Client Imposed Restrictions**

TCI will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by TCI on behalf of the client. TCI may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

Each client is evaluated based on a number of factors including, but not limited to, age, health, net worth, income, savings rate, tax rates, upcoming extraordinary expenses, job reliability (if working), time horizon to major financial goals, past investment experience, and knowledge related to investing. There are a number of data collection tools that are used throughout our formal interview process to evaluate each client based on the above criteria.

### Wrap Fee Programs

A wrap fee program is an investment program wherein the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees.

TCI's Investment Management Services and Commonwealth's PPS Select Program are considered "wrap fee" programs in which the client pays a specified fee for portfolio management services and trade execution. Wrap fee programs differ from non-wrap fee programs in that the fee structure for wrap programs is intended to be largely all-inclusive, whereas non-wrap fee programs assess trade execution costs in addition to the asset management fee.

TCI's Investment Management Services wrap fee program is managed by your TCI financial advisor, and Commonwealth's PPS Select wrap fee program is managed by Commonwealth's Investment Management and Research team. For more information on TCI wrap fee program, please refer to the TCI Wrap Fee brochure. For more information on Commonwealth's wrap fee program, please refer to Commonwealth's Wrap Fee brochure (Appendix 1 in their ADV 2A).

For the investment advisory services provided to you, TCI and Commonwealth, along with your financial advisor, each receive a portion of the investment advisory fee you pay when you participate in any managed account program.

As part of our financial planning and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") to be managed by our firm or a Third-Party Manager that we recommend. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Advisory Representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed under our program or a Third-Party Managed Program. You have the right to decide whether to complete the rollover and the right to consult with other financial professionals.

In addition to complying with applicable SEC rules, TCI is subject to certain rules and regulations adopted by the U.S. Department of Labor when we provide nondiscretionary investment advice to retirement plan participants and IRA owners. When these DOL rules apply, our advisors and Touchstone Capital are "fiduciaries," for purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the Internal Revenue Code of 1986 ("the Code"), as amended. Therefore, TCI and our advisors may not receive payments that create conflicts of interest when providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, unless we comply with a prohibited transaction exemption ("PTE"). Beginning December 20, 2021, TCI and our advisors will comply with ERISA and the Code by using PTE 2020-02. As fiduciaries under ERISA and the Code, we render advice that is in plan participants' and IRA customers' best interest. TCI's and our advisors' status as an ERISA/Code fiduciary is limited to ERISA/Code covered nondiscretionary advice and recommendations regarding rolling over a retirement account and does not extend to all situations.

The specific advisory program you select may cost you more or less than purchasing program services separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account; the historical or expected size or number of trades for the account; the types of securities and strategies involved; the amount of fees, commissions, and other charges that apply at the account or transaction level; and the number and range of supplementary advisory and client-related services provided to the account. Lower fees for comparable services may be available from other sources.

Investment recommendations and advice offered by TCI and its advisors do not constitute legal, tax, or accounting advice. Clients should coordinate and discuss the impact of the financial advice they receive from their advisor with their attorney and accountant. Clients should also inform their advisor promptly of any changes in their financial situation, investment goals, needs, or objectives. Failure to notify the advisor of any material changes could result in investment advice not meeting the changing needs of the client.

TCI has the following assets under management:

<b>Discretionary Accounts:</b>	<b>Non-discretionary Accounts:</b>	<b>Date Calculated:</b>
\$146,440,144.35	\$0.00	December 31, 2023

## **Item 5: Fees and Compensation**

### General Fee Information

Touchstone Capital charges a wrap fee based on a percentage of the assets in a client's account. A wrap fee is a bundled fee for services such as investment advice, including portfolio management, research, custodial services, reporting and trading and execution. A wrap fee is not based directly on the amount of transactions in a client's account but rather the fee is calculated based on the asset value of the Client's account. Accordingly, if there is little or no trading activity in the account, it is possible that a Client may pay more in advisory fees than he or she would have in commission charges if the account was a brokerage account or may pay more than they would in trading and execution costs within a non-wrap fee program, depending upon the number of trades that occur in an account from year to year. Each account generally includes investment management, custody, reporting, performance-monitoring, and trade execution services, although not all accounts receive all of these services.

### Fee Schedule

<b>All Client Accounts</b>	<b>Maximum Fee</b>
Flat Pricing	2.50%

### Other Fee Information

With respect to each account, Touchstone Capital may provide a discount to the Maximum Fee based on several factors, including, but not limited to, the size of the Client's account, other related accounts with

Touchstone Capital, the extent of services to be provided by Touchstone Capital to the Client, the type of assets in the Client's account and the projected nature of trading in the Client's account.

Touchstone Capital charges differing management fees based on the types of securities held in your account. For example, the firm will charge a higher management fee on an individual bond holding than the firm would charge on a bond mutual fund holding. While Annual Fees will never exceed the firm's maximum fee as stated above, Touchstone has a conflict of interest in recommending and/or purchasing certain securities over other available securities in your account because the firm will earn additional revenue to the extent that your account holds a type of security on which we charge a higher management fee. To mitigate this conflict, clients have the right to place reasonable restrictions on their account(s) as to the types of assets that may be purchased in their account.

Assets that are not traded on a public exchange may be held for the convenience of our clients in accounts for which we have custody of other assets. These assets will not be charged an annual fee. These non-traded assets may include non-traded real estate investment trusts, private equity limited partnerships, and real estate limited partnerships. Other assets may be considered.

TCI uses the value of the account as of the last business day of the prior billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

### ***Commonwealth's PPS Select Program Fees***

Clients in the PPS Select Program pay the Investment Management and Services Fees listed above and an Annual Program Fee based on account value as described below. There are several different PPS Select model portfolios with program fees that vary; however, the maximum fee within the PPS Select program is as follows:

<b>Tiered Asset Level by Household</b>	<b>Annual Program Fee*</b>
First \$250,000	0.60%
Next \$250,000	0.50%
Next \$500,000	0.45%
Next \$1,000,000	0.40%
Next \$3,000,000	0.35%
Next \$5,000,000 or more	0.30%

*\*The minimum Annual Program Fee is \$600, which may exceed the maximum Annual Program Fee percentage.*

The final fee schedule is attached as Exhibit I of the Investment Management Agreement. Clients may terminate the agreement without penalty for a full refund of TCI's unearned fees within five business days of signing the Investment Management Agreement. Thereafter, clients may terminate the Investment Management Agreement with five days written notice.



## ***Wealth Management Services Fees***

The negotiated fixed rate for creating client financial plans is between \$500 and \$25,000. Clients may terminate the agreement without penalty for a full refund of TCI's fees within five business days of signing the Wealth Management Agreement. Thereafter, clients may terminate the Wealth Management Agreement upon written notice.

## ***Retirement Plan Consulting Fees***

The TCI Retirement Plan Consulting program provides clients with the option of paying an annual fee for ongoing services based on a percentage of assets under advisement, a flat fee, or an hourly rate not to exceed \$500. The fee amount a client will pay is negotiable between the client and the advisor. Fees may be paid directly from qualified plan assets or may be direct billed, as agreed to between the client and the advisor.

### **Payment of Fees**

## ***Payment of Investment Management Fees***

Fees are paid in advance. Asset-based investment management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed.

## ***Payment of Wealth Management Fees***

Wealth management fees are paid in accordance with the rate option and method of payment elected in the Wealth Management Agreement (but never more than six months in advance).

## ***Waiver of Fees***

TCI may waive all or a portion of the advisory program and/or program fee, whether on an ongoing or a one-time basis, in its sole discretion.

### **Client Responsibility for Third Party Fees**

Clients are responsible for the payment of certain third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TCI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

Clients who elect to open a margin account acknowledge and agree that margin may be exercised against their account for purposes including, but not limited to, covering debits, management fees, and/or other billing and administrative costs. Management fees on margin accounts will be assessed on the equity (e.g., ownership) portion of the account and not on the account's total market value.

Clients should be aware that, when assets are invested in shares of mutual funds, variable insurance products, and certain alternative investments within a managed account program, clients will pay investment advisory fees to TCI and to the advisor for their advisory services in connection with the investments. In addition to the payments received by TCI and the advisor, clients will also pay management fees, mutual fund and money market 12b-1 fees, sub transfer agent fees, mutual fund and money market administrative expenses, mutual fund transaction fees, certain deferred sales charges and redemption fees on previously purchased mutual funds, annuity internal expenses and fees, and other fees charged by the investment company, insurance product, or alternative investment sponsor, which are typically charged to clients as an internal expense of the product. These internal expenses are described in the prospectus or offering document for the specific product. Clients may be able to invest directly in the investment company, insurance product, or alternative investment without incurring the investment advisory fees, platform fees, or transaction charges assessed by TCI or their advisor. If

a client's assets are invested in a fee-based annuity, the client will pay both the direct management fee to TCI and their advisor for the advisory services provided by TCI and the advisor in connection with that investment and, indirectly, the management and other fees charged by the underlying annuity investment options, as well as the charges assessed by the insurance company for the product. Of course, clients should also be aware of the tax implications of investing, as well as of the existence of deferred sales charges or redemption fees charged by some product sponsors for positions the client subsequently sells in TCI managed accounts.

TCI may select share classes of mutual funds that pay advisors 12b-1 fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay TCI or your advisor additional fees. As a matter of policy, Commonwealth (on TCI's behalf) credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in TCI managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a fund may not be offered through our clearing firm or made available by TCI for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

TCI urges clients to discuss with their advisor whether lower-cost share classes are available in their program account. Clients should also ask their advisor why the funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee ("TF") funds available for investment through TCI will result in the assessment of transaction charges to you, your advisor, TCI, or Commonwealth. Although no-transaction-fee ("NTF") funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost TCI, Commonwealth, or your advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that TCI may not make available for purchase in its managed account programs present a conflict of interest between clients and TCI or its advisors. A conflict of interest exists because TCI and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to TCI that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to TCI or the advisor, a conflict of interest exists because TCI and your advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

## Prepayment of Fees

TCI collects fees in advance. If an Investment Management Agreement is terminated by either party, funds for fees paid in advance will be returned promptly to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

## Other Forms of Compensation

Theodore Kerr is a licensed insurance agent. In this role, he accepts compensation for the sale of insurance products to TCI clients.

### ***1. This is a Conflict of Interest***

Supervised persons accept compensation for the sale of insurance products to TCI's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs.

### ***2. Clients Have the Option to Purchase Recommended Products from Other Brokers***

Clients always have the option to purchase TCI recommended products through other brokers or agents that are not affiliated with TCI.

### ***3. Commissions are not TCI's primary source of compensation for advisory services***

Commissions earned from the sale of insurance products are not TCI's primary source of compensation for advisory services.

### ***4. Advisory Fees in Addition to Commissions***

Advisory fees that are charged to clients are not reduced to offset the commissions earned by selling insurance products sold to clients.

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

TCI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

TCI generally provides advisory services to the following types of clients:

- Individuals and Families, including High-Net-Worth Individuals and Families
- Corporations or other businesses
- Pension and Profit-Sharing plans (other than plan participants)

TCI has a one million dollar minimum per household, but TCI may waive this minimum at its discretion.

## **Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss**

### ***Methods of Analysis***

TCI's primary method of analysis is fundamental analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

### ***Investment Strategies***

TCI uses long term trading, short term trading and margin transactions.

### **PPS Select Methods of Analysis and Investment Strategies**

Commonwealth's PPS Select Program is based on asset allocation concepts and modern portfolio theory. The PPS Select portfolios are designed to provide long-term, risk-adjusted returns for investors across the risk/return spectrum. Depending on the program and model selected by a client, the program may invest in open-end mutual funds, closed-end funds, ETFs, individual municipal fixed income securities, and individual equity securities managed by Commonwealth's own Investment Management and Research team. When selecting investments for inclusion or removal from the PPS Select portfolios, the Commonwealth Investment Management and Research team conducts extensive due diligence.

Commonwealth's investment philosophy process has five steps: (1) screening, (2) evaluation, (3) analysis, (4) portfolio construction, and (5) ongoing monitoring:

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### Methods of Analysis

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

### Investment Strategies

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

### Risks of Specific Securities Utilized

TCI's use of margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Any of the common risks described above could adversely affect the value of your portfolio and account performance, and you can lose money. Even though these risks exist, TCI and your advisor will still earn the fees and other compensation described in this Brochure. Clients should carefully consider the risks of investing and the potential that they may lose principal while TCI and your advisor continue to earn fees and other forms of compensation.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

**Past performance is not indicative of future results.**

## **Item 9: Disciplinary Information**

There are no criminal or civil actions, administrative proceedings or self-regulatory organization proceedings required to be reported in this section.

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

Neither TCI nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer. Neither TCI nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

Theodore Kerr an independent licensed insurance agent, and from time to time, will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Touchstone Capital, Inc. always acts in the best interest of the client, including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Touchstone Capital, Inc. in their capacity as a licensed insurance agent.

Commonwealth Financial Network is the sponsor of PPS Select. The PPS Select program offers a variety of model portfolios from which investors may choose. The PPS Select model portfolios are created and managed by Commonwealth's Investment Management and Research team. The client's financial advisor will help the client determine which PPS Select models are best suited for the client based on his or her risk profile, investment objectives, and preferences, leaving the actual investment decisions to Commonwealth's Investment Management and Research team. PPS Select offers a variety of model portfolios with varying investment product types, including mutual fund and ETF portfolios, fixed income portfolios, and variable annuity sub-account portfolios.

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

TCI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. TCI's Code of Ethics is available free upon request to any client or prospective client.

TCI does not recommend that clients buy or sell any security in which a related person to TCI or TCI has a material financial interest.

From time to time, representatives of TCI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TCI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest.

To mitigate this conflict of interest, TCI will always transact client's transactions before its own when the same securities are being bought or sold within a given trading day as required by the firm's Blackout Period policy. Trades executed on behalf of representatives of TCI during the routine rebalancing of accounts as part of the quarterly report process and trades executed as part of a block trade placed on behalf of representatives of TCI are exempt from the Blackout Period policy.

## **Item 12: Brokerage Practices**

Custodians/broker-dealers will be recommended based on TCI's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and TCI may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in TCI's research efforts. TCI will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

TCI will use Commonwealth Financial Network as its primary broker/dealer and National Financial Services as its primary custodian.

### **Products and Services Available to Us from Commonwealth and Our Custodians**

Commonwealth Financial Network provides TCI with various products and services that enable us to both serve our clients and grow our business. Commonwealth (through their disclosed clearing relationships with National Financial Services and Pershing) provide us and our clients with access to its brokerage services— trading, custody, reporting, and related services. Commonwealth also makes available various support services. Some of those services help us manage or administer our client accounts, while others help us manage and grow our business. Following is a more detailed description of Commonwealth's support services:

#### ***Services That Benefit You***

Commonwealth's brokerage services include access to a broad range of investment products, execution of securities transactions by Commonwealth's clearing firms, and custody of client assets via their clearing firms. The investment products available through Commonwealth include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

#### ***Services That Do Not Directly Benefit You***

Commonwealth also makes available to us other products and services that benefit our firm and our advisors but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Commonwealth's and that of third parties. We use this research to service substantially all our client accounts, including accounts not maintained at Commonwealth. In addition to investment research, Commonwealth also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution

- Provide pricing and other market data
- Facilitate payment of our fees from our client accounts
- Assist with back-office functions, recordkeeping, and client reporting

### *Services That Generally Benefit Only Us*

Commonwealth also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Complementary or discounted attendance at conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession

### *Our Interest in Commonwealth's Services*

Our relationship with Commonwealth requires that we maintain a certain level of assets with Commonwealth in TCI's asset management program. This creates an incentive to recommend that you establish and maintain your account with Commonwealth, based on our interest in receiving Commonwealth's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. To mitigate the conflict, this disclosure is provided to you. As a fiduciary, we must act in your best interests. We believe that our selection of National Financial Services (via Commonwealth) as custodian and broker is in the best interests of our clients and conduct regular reviews of our relationship with Commonwealth to ensure this remains the case. Our choice to maintain a relationship with Commonwealth is primarily supported by the scope, quality, and price of Commonwealth's services and not Commonwealth's services that benefit only us.

While TCI has no formal soft-dollars program in which soft dollars are used to pay for third party services, TCI may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). TCI may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and TCI does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. TCI benefits by not having to produce or pay for the research, products or services, and TCI will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that TCI's acceptance of soft dollar benefits may result in higher commissions charged to the client.

TCI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

TCI will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

If TCI buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, TCI would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. TCI would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution.

## **Item 13: Review of Accounts**

All client accounts for TCI's advisory services provided on an ongoing basis are reviewed at least quarterly, with regard to clients' respective investment policies and risk tolerance levels.



All wealth management client cases are reviewed upon creation and plan delivery.

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to wealth management plans, TCI's services will generally conclude upon delivery of the plan.

Each client of TCI's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

Each wealth management client will receive a financial plan upon completion or an update upon review.

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

In addition to receiving asset-based fees in their capacity as an investment advisor, TCI advisors may receive reimbursements or marketing allowances for marketing expenses and business development costs incurred by the advisor. In addition, advisors may receive invitations to conferences and meetings that are sponsored by firms that offer third party asset management programs to the advisor. Portfolio strategists, investment managers, and product manufacturers may contribute to the cost of the conferences and meetings, may be identified as a sponsor of the conference or meeting, and may have the opportunity to promote their products, programs, and services directly to the financial advisor. Additionally, the advisor's travel-related costs and expenses, meals, and entertainment may be paid or subsidized by the firms. These payments to TCI advisors present a conflict of interest because they provide a financial incentive for advisors to recommend clients use a particular program that offers these payments and opportunities over other programs that do not offer such payments or opportunities. We attempt to mitigate this conflict of interest by:

- Informing you of conflicts of interest in our disclosure document and agreement;
- Maintaining and abiding by our Code of Ethics which requires us to place your interests first and foremost;
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

Commonwealth provided two loans to Theodore on 11/23/2023 one for \$425,000 and \$345,000. The Notes presents a conflict of interest in that Theodore Kerr has a financial incentive to maintain TCI's relationship with Commonwealth which includes directing clients to Commonwealth for execution of trades, custody of assets, and reporting or research services. However, to the extent Theodore Kerr directs clients to Commonwealth for such services, it is because he believes that it is in that client's best interest to do so.

In addition, Commonwealth offers our firm and our advisors one or more forms of financial benefits based on our total assets under management held at Commonwealth as well as financial assistance for transitioning from another firm to Commonwealth. The types of financial benefits that your advisor may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that your advisor may have the opportunity to receive from Commonwealth provide a financial incentive for our firm and your advisor to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. Please see Item 14 of this Brochure for more detailed information about these types of conflicts and our relationship with Commonwealth.

Commonwealth charges our advisors an administrative fee at the same time clients are charged asset-based fees for their managed accounts. The administrative fee is charged to and paid by the advisor rather than the advisor's clients and is calculated as a percentage of the total managed account assets, including cash and money market positions, held by the advisor's clients. The administrative fee is used to offset Commonwealth's maintenance costs associated with account reporting and reconciliation.

In the same manner as many advisors offer asset management fee discounts to their larger clients, Commonwealth offers those advisors to whom it charges administrative fees discounts based on their total assets under management. As these advisors grow their business, Commonwealth's economies of scale are shared with those advisors by reducing the percentage amount of administrative fees that would otherwise be charged to the advisors. These discounts in administrative fees present a conflict of interest because they provide a financial incentive for advisors who receive the discounts to recommend maintaining assets in programs on Commonwealth's platform over other available programs that do not offer such discounts to the advisors.

TCI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

Our firm does not maintain physical custody of any client fund or securities. Under the rules of the Investment Advisers Act of 1940, we are deemed to have custody of your assets despite not having physical custody in certain instances. For example, if you authorize us to instruct your custodian to deduct our advisory fees directly from your account or if you establish certain first party and/or any third-party Standing Letters of Authorization (SLOAs) to move money from your account with us to a different account, we are deemed to have custody. Our firm complies with certain safe harbor provisions and is therefore exempt from the annual surprise custody examination requirement for Advisers that have custody due to the existence of SLOAs.

TCI clients will receive account statements from the custodian with physical custody of your assets and should carefully review those statements for accuracy. TCI clients may also receive portfolio summary or performance reporting for their TCI managed accounts from TCI or their advisor that are in addition to the account statements clients receive directly from the account custodian. TCI urges you to compare the account statements you receive from your account custodian with any account summary statements or reports you receive from us or your advisor. Although account holdings and asset valuations should generally match, for purposes of calculating performance and account valuations on your Investment Management Services account, TCI summary or performance reporting month-end market values sometimes differ from custodial account statement month-end market values. The three most common reasons why these values may differ are differences in the manner in which accrued interest is calculated, the date upon which "as of" dividends and capital gains are reported, and settlement date versus trade date valuations.

If you believe there are material discrepancies between your custodial statement and the summary statements or reports you receive from TCI or your advisor, please contact Elizabeth Treater, Chief Compliance Officer of TCI, directly at 724.933.8388.

## **Item 16: Investment Discretion**

TCI provides discretionary investment advisory services to clients. The Investment Management Agreement established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, TCI manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

Clients may impose reasonable restrictions on their managed account, including, but not limited to, the type, nature, or specific names of securities to be bought, sold, or held in their managed account, as well as the type, nature, or specific names of securities that may not be bought, sold, or held in their managed account. Clients grant TCI and their advisor discretionary trading authority over their managed accounts.

As a matter of firm policy, neither TCI nor its advisors have or will accept the authority to file class action claims on behalf of clients. This policy reflects TCI's recognition that it does not have the requisite expertise to advise clients with regard to participating in class actions. TCI and its advisors have no obligation to determine if securities held by the client are subject to a pending or resolved class action settlement or verdict. TCI and its advisors also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, TCI and its advisors have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured because of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients. The decision to participate in a class action or to sign a release of claims when submitting a proof of claim may involve the exercise of legal judgment, which is beyond the scope of services provided to clients by TCI or your advisor. In all cases, clients retain the responsibility for evaluating whether it is prudent to join a class action or to opt out.

## **Item 17: Voting Client Securities (Proxy Voting)**

TCI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

TCI neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure. Neither TCI nor its management has any financial condition that is likely to reasonably impair TCI's ability to meet contractual commitments to clients. TCI has not been the subject of a bankruptcy petition in the last ten years.