

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

**Whitney-Kuhn, LLC dba  
Focused Compounding Capital  
Management**

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This brochure provides information about the qualifications and business practices of Whitney-Kuhn, LLC dba Focused Compounding Capital Management. Being registered as a registered 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 972-591-6514. 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 Whitney-Kuhn, LLC dba Focused Compounding Capital Management (CRD #283028) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**DECEMBER 3, 2019**

## **Item 2: Material Changes**

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### **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.

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

Since the last filing of this brochure on October 23, 2019, the following material changes have been made:

- Item 5 has been updated for consistency to reflect fees being billed monthly in arrears.
  - Items 4 and 5 have been updated to reflect changes in services offered as well as the corresponding fee schedules.
  - The entire brochure has been updated for compliance reasons.
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### **Full Brochure Available**

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

### Item 3: Table of Contents

#### Form ADV – Part 2A – Firm Brochure

##### Item 1: Cover Page

##### Item 2: Material Changes ..... ii

Annual Update ..... ii

Material Changes since the Last Update..... ii

Full Brochure Available..... ii

##### Item 3: Table of Contents..... iii

##### Item 4: Advisory Business ..... 1

Firm Description ..... 1

Types of Advisory Services ..... 1

Client Tailored Services and Client Imposed Restrictions..... 1

Wrap Fee Programs..... 1

Client Assets under Management ..... 1

##### Item 5: Fees and Compensation ..... 1

Method of Compensation and Fee Schedule..... 1

Client Payment of Fees ..... 3

Additional Client Fees Charged..... 4

Prepayment of Client Fees ..... 4

External Compensation for the Sale of Securities to Clients..... 4

##### Item 6: Performance-Based Fees and Side-by-Side Management..... 4

Sharing of Capital Gains ..... 4

##### Item 7: Types of Clients..... 5

Description ..... 5

Account Minimums ..... 5

##### Item 8: Methods of Analysis, Investment Strategies and Risk of Loss ..... 5

Methods of Analysis..... 5

Investment Strategy ..... 6

Security Specific Material Risks..... 6

##### Item 9: Disciplinary Information..... 8

Criminal or Civil Actions ..... 8

Administrative Enforcement Proceedings ..... 8

Self- Regulatory Organization Enforcement Proceedings .....	9
<b>Item 10: Other Financial Industry Activities and Affiliations .....</b>	<b>9</b>
Broker-Dealer or Representative Registration .....	9
Futures or Commodity Registration .....	9
Material Relationships Maintained by this Advisory Business and Conflicts of Interest .....	9
Recommendations or Selections of Other Investment Advisors and Conflicts of Interest .....	9
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>9</b>
Code of Ethics Description .....	9
Investment Recommendations Involving a Material Financial Interest and Conflict of Interest .....	10
Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest .....	10
Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest .....	10
<b>Item 12: Brokerage Practices .....</b>	<b>11</b>
Factors Used to Select Broker-Dealers for Client Transactions .....	11
Aggregating Securities Transactions for Client Accounts .....	12
<b>Item 13: Review of Accounts .....</b>	<b>12</b>
Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved .....	12
Review of Client Accounts on Non-Periodic Basis .....	12
Content of Client Provided Reports and Frequency .....	12
<b>Item 14: Client Referrals and Other Compensation .....</b>	<b>12</b>
Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest .....	12
Advisory Firm Payments for Client Referrals .....	12
<b>Item 15: Custody .....</b>	<b>12</b>
Account Statements .....	12
<b>Item 16: Investment Discretion .....</b>	<b>13</b>
Discretionary Authority for Trading .....	13
<b>Item 17: Voting Client Securities .....</b>	<b>13</b>
Proxy Votes .....	13
<b>Item 18: Financial Information .....</b>	<b>14</b>
Balance Sheet .....	14

Financial Conditions Reasonably Likely to Impair Advisory Firm’s Ability to Meet Commitments to Clients.....	14
Bankruptcy Petitions during the Past Ten Years.....	14
<b>Item 19: Requirements for State Registered Advisors .....</b>	<b>14</b>
Principal Executive Officers and Management Persons .....	14
Outside Business Activities.....	14
Performance Based Fee Description.....	14
Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons.....	14
Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities.....	14
Material Conflicts of Interest Assurance .....	15
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>2</b>
Principal Executive Officer – Andrew Kuhn .....	2
Item 2 - Educational Background and Business Experience .....	2
Item 3 - Disciplinary Information .....	2
Item 4 - Other Business Activities Engaged In.....	3
Item 5 - Additional Compensation.....	3
Item 6 - Supervision .....	3
Item 7 - Requirements for State-Registered Advisors .....	3

## **Item 4: Advisory Business**

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### **Firm Description**

Whitney-Kuhn, LLC dba Focused Compounding Capital Management ("FCCM") was founded in 2016. Andrew Kuhn is 100% owner.

Under CCR Section 260.238(k), FCCM, its representatives or any of its employees will disclose to the Clients all material conflicts of interest.

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### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

FCCM offers discretionary asset management services to advisory Clients. FCCM will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize FCCM discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

The specialized asset management services provided by FCCM are based on an internally developed and managed strategy of what are referred to as "overlooked stocks". Overlooked stocks are considered to have greater risks, therefore the services of FCCM are only offered to certain Clients. Overlooked stocks include stocks emerging from bankruptcy, spinoffs, illiquid stocks, over-the-counter stocks, micro-cap stocks, stocks that don't file with the SEC, stocks that don't provide information to the public, net-nets and near net-nets.

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

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written Client consent.

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### **Wrap Fee Programs**

FCCM does not sponsor any wrap fee programs.

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### **Client Assets under Management**

As-of October 14, 2019, Whitney-Kuhn, LLC has \$31,469,945 in discretionary Client assets under management and no non-discretionary Client assets under management.

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

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### **Method of Compensation and Fee Schedule**

#### **ASSET MANAGEMENT**

FCCM offers discretionary direct asset management services to advisory Clients. Pursuant to CCR Section 260.238(j), lower fees for comparable services may be available from other sources. Total fees to Client will never exceed the safe harbor threshold of 3% of assets under management per year. FCCM charges an annual investment advisory fee based on the total assets under management of 2.5%.

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed monthly in arrears based on an average daily balance of the account for the previous month. The calculation for the average daily balance is based on the formula  $F \times (B/D)$ .

B = the daily balance of the account

D = number of days in the billing year - 252 days

F = annual management fee

**For example (based on monthly billing period):** Based on the formula  $F \times (B/D)$ , For example, if the Client's previous day ending equity is \$100,000, then the advisor fee for that day would be  $2.5\% \times (100,000/252) = \$9.92$ . This calculation would be completed for each day in the monthly billing period and then added together for the total monthly fee.

If margin is utilized, the fees will be based on the net asset value of the account. Lower fees for comparable services may be available from other sources. Clients may terminate their account within seven (7) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to FCCM. Additionally, all unearned fees will be refunded to the Client. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

#### PERFORMANCE BASED FEES

The Performance-based fees are 1% of the assets under management and 15% of any increase from the previous quarter ("high water mark") and charged quarterly in arrears. The performance fee will be calculated by a Gross Asset Value of the account on a start date and be benchmarked to the Net Asset Value of the stated account net of quarterly performance fees. The account would have to achieve the high watermark valued at the end of each quarter in order for the performance fee to trigger (or be applicable). A snapshot of the value of the account will be taken on the start and end of each quarter and compared to the high water mark. All fees will be deducted from the account via the custodial providers or billed directly to the Client.

QUARTERLY ADVISORY MANAGEMENT FEE CALCULATION – Using the closing account values on the last business day of each quarter, Advisory Management Fees will be charged at a rate of 0.25% per quarter, deducted from the clients account by the custodian. Partial quarters will be pro-rated.

Performance Fee disclaimer: All performance fees are based on a new high water mark for any quarter that is charged.

#### HIGH WATER MARK CALCULATIONS:

- Initial deposit \$1,000,000
- Performance fee is set at 15% of the gain.
- End of first quarter balance is \$1,075,000.

- First quarter performance fee for us is \$11,250
- Calculation:  $\$75,000 \times 15\% = \$11,250$ .

New high water mark is \$1,063,750 ( $\$1,075,000 - \$11,250$ )

- End of second quarter balance is \$1,050,000
- No performance fee paid
- High water mark remains \$1,063,750
- Fees will not be charged until the account value goes above the high water mark of \$1,063,750

This example assumes that there were no new deposits or new withdrawals, which can affect the high water mark.

Hypothetical Deposit - If a new deposit is made into the account the high water mark will be calculated based on the dollar amount. Using the above scenario as an example:

- Deposit \$50,000 to account with \$1,050,000
- New account balance will be \$1,100,000
- Adjusted high water mark is now \$1,113,750 ( $\$1,063,750 + \$50,000$ )
- Still below the new high water mark of \$1,113,750
- No performance fee paid
- The account will only be charged a performance fee once the account has made over \$13,750 ( $\$1,113,750 - \$1,100,000 = \$13,750$ ).

Hypothetical withdrawal - If new withdrawals are made in the account the high water mark will be calculated based on the dollar amount. Using the above scenario as an example:

- Withdraw \$50,000 from account with \$1,050,000
- New account balance will be \$1,000,000
- Adjusted high water mark is now \$1,013,750 ( $\$1,063,750 - \$50,000$ )
- Still below the new high water mark of \$1,013,750
- No performance fee paid
- The account will only be charged a performance fee once it has gained more than \$13,750 ( $\$1,013,750 - \$1,000,000$ )

The Client will be billed for the Performance-Based Fees through a direct invoice or deducted from the Client account. Lower fees for comparable services may be available from other sources. Clients may terminate their account within seven (7) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. Client shall be given thirty (30) days prior written notice of any increase in fees, and Client will acknowledge, in writing, any agreement of increase in said fees. Transaction fees still apply to the performance based account.

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### **Client Payment of Fees**

Investment management fees are billed monthly in arrears, meaning that we invoice you before the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Performance based asset management fees are billed quarterly in arrears.



FCCM, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling, margin interest and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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### **Prepayment of Client Fees**

FCCM does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

Investment management fees are billed monthly in advance.

If the Client cancels after seven (7) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to FCCM.

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### **External Compensation for the Sale of Securities to Clients**

Investment Advisor Representatives of FCCM receive external compensation for sales of investment related products such as insurance as licensed insurance agents. From time to time, they will offer clients services from those activities. Approximately 50% of Mr. Andrew Kuhn's compensation is from external compensation.

This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. As an insurance agent, does not charge advisory fees for the services offered through insurance carriers. This conflict is mitigated by disclosures, procedures, and FCCM's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing.

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

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### **Sharing of Capital Gains**

FCCM offers a program in which we share in the capital gains or capital appreciation of managed securities. This program is offered only to Clients that must meet certain requirements to be able to participate in being charged performance based fees which include:

1. A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment advisors;
2. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000. The persons' residence must not be included as an asset.

To the extent that we charge a performance-based fee, the performance-based fee will comply with the requirements of Section 205 and Rule 205-3 under the Investment Advisers Act of 1940.

The simultaneous management of these different types of Client accounts, with different fee structures, creates certain conflicts of interest, as the fees for the management of some Client types are higher than for others. Nevertheless, when managing the assets of these accounts, we have a duty to treat all accounts fairly and equitably over time.

Additionally, since performance-based fees reward us for strong performance in accounts which are subject to such fees, we may have an incentive to favor these accounts over those that have only asset-based fees (i.e., fees based simply on the amount of assets under management in an account) with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

To mitigate the conflict, we represents that it is not our intent to trade a Client's account in an irresponsible, unethical or baseless manner, or to assume unnecessary risk given potential perceived reward. We will never knowingly or intentionally breach the fiduciary duty we owe to a Client, and we believe the incentive or performance fee portion of its compensation aligns, rather than divides, the interests of Clients and us in addition, the Client may choose to place their account in the advisory fee only program.

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

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### **Description**

FCCM generally provides investment advice to individuals and high net worth individuals.

Client relationships vary in scope and length of service.

### **Account Minimums**

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FCCM requires a minimum of \$50,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

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.

TPMs utilized by FCCM may use various methods of analysis to determine the proper strategy for the client referred and these will be disclosed in the TPM's Form ADV Part 2. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns. Other strategies utilized by TPMs may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

In developing a financial plan for a Client, FCCM's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

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 FCCM. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and trading.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with FCCM:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *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.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than 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.
- *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.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may

experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *REIT Risk:* To the extent that a Client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Derivatives Risk:* Funds in a Client's portfolio may use derivative instruments. The value of these derivative instruments derives from the value of an underlying asset, currency or index. Investments by a fund in such underlying funds may involve the risk that the value of the underlying fund's derivatives may rise or fall more rapidly than other investments, and the risk that an underlying fund may lose more than the amount that it invested in the derivative instrument in the first place. Derivative instruments also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated

with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Trading on Margin:* In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.
- *Leveraged Risk:* The risks involved with using leverage may include compounding of returns (this works both ways – positive and negative), possible reset periods, volatility, use of derivatives, active trading and high expenses.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

FCCM and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

FCCM and its management have not been involved in administrative enforcement proceedings.

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**Self- Regulatory Organization Enforcement Proceedings**

FCCM and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of FCCM or the integrity of its management.

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

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**Broker-Dealer or Representative Registration**

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

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**Futures or Commodity Registration**

Neither FCCM 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.

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

Managing Member, Andrew Kuhn has a financial affiliated business as an independent insurance agent. Approximately 50% of his time is spent on this activity. He will offer Clients services from this activity. As an insurance agent, he may receive separate yet typical compensation.

This practice represents a conflict of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

In addition, Mr. Kuhn is a partner in Focused Compounding Capital Management, LLC. This is not a conflict of interest as there are currently no crossover clients.

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

FCCM does not select or recommend other investment advisors.

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

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**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of FCCM have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of FCCM affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of FCCM. The Code reflects FCCM and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

FCCM's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of FCCM may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

FCCM's Code is based on the guiding principle that the interests of the Client are our top priority. FCCM's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

FCCM will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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

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

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

FCCM and its affiliated 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, affiliated persons are required to disclose all reportable securities transactions as well as provide FCCM with copies of their brokerage statements.

The Chief Compliance Officer of FCCM is Andrew Kuhn. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

FCCM does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide FCCM with copies of their brokerage statements.

The Chief Compliance Officer of FCCM is Andrew Kuhn. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## Item 12: Brokerage Practices

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### Factors Used to Select Broker-Dealers for Client Transactions

FCCM may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the Client's choosing. FCCM will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. FCCM relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by FCCM.

- *Directed Brokerage*  
FCCM does not allow directed brokerage accounts.
- *Best Execution*  
Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by FCCM from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, FCCM receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of FCCM. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when FCCM receives soft dollars. This conflict is mitigated by the fact that FCCM has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

FCCM utilizes the services of custodial broker dealers. Economic benefits are received by FCCM which would not be received if FCCM did not give investment advice to Clients. These benefits include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to FCCM's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

- *Brokerage for Client Referrals*  
FCCM does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.



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**Aggregating Securities Transactions for Client Accounts**

FCCM is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of FCCM. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Andrew Kuhn, Chief Compliance Officer of FCCM. Account reviews are performed more frequently when market conditions dictate. Quarterly reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target bans of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by FCCM's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Performance reports will be made available online by FCCM to Clients with assets under management, exclusive of Assets Held Away.

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

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

FCCM does not receive any economic benefits from external sources.

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**Advisory Firm Payments for Client Referrals**

FCCM does not compensate for Client referrals.

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**Item 15: Custody**

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**Account Statements**

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 compare the account statements received directly from their custodians to any documentation or reports prepared by FCCM.

FCCM is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of FCCM. Pursuant to CCR Section 260.237(b)(3)

- A. The investment adviser has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.
- B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.
- C. Each time a fee is directly deducted from a Client account, the investment adviser concurrently:
- i. Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account; and
  - ii. Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.
- D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided in this paragraph (b)(3). Such notification is required to be given on Form ADV.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

FCCM requires discretionary authority to manage securities accounts on behalf of Clients. FCCM has the authority to determine, without obtaining specific Client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

FCCM allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to FCCM in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. FCCM does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

FCCM does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, FCCM will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client. Client may call FCCM at 972-591-6514 with questions.

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## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because FCCM does not serve as a custodian for Client funds or securities and FCCM does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

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### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

FCCM has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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### **Bankruptcy Petitions during the Past Ten Years**

FCCM has not had any bankruptcy petitions in the last ten years.

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## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

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### **Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

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### **Performance Based Fee Description**

FCCM does receive performance based fees. Please see Item 6 of the ADV 2A for more information.

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### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

1. Neither FCCM nor its management have been involved in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
    - a) An investment or an investment-related business or activity;
    - b) Fraud, false statement(s) or omissions;
    - c) Theft, embezzlement or other wrongful taking of property;
    - d) Bribery, forgery, counterfeiting, or extortion;
    - e) Dishonest, unfair or unethical practices.
  2. Neither FCCM nor its management have been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - a) An investment or an investment-related business or activity;
    - b) Fraud, false statement(s) or omissions;
    - c) Theft, embezzlement or other wrongful taking of property;
    - d) Bribery, forgery, counterfeiting, or extortion;
    - e) Dishonest, unfair or unethical practices.
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### **Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

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**Material Conflicts of Interest Assurance**

All material conflicts of interest regarding FCCM, its representatives or any of its employees which could be reasonably expected to impair the rendering of unbiased and objective advice are disclosed as required under CCR Section 260.238(k).

Item 1 Cover Page

**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Andrew Kuhn

**Whitney-Kuhn, LLC dba Focused  
Compounding Capital Management**

**Office Address:**

1700 Alma Drive  
Suite 460  
Plano, TX 75075

Tel: 972-591-6514

Andrew@KuhnCP.com

**Website:**

**www. KuhnCP.com**

This brochure supplement provides information about Andrew Kuhn and supplements the Whitney-Kuhn, LLC dba Focused Compounding Capital Management brochure. You should have received a copy of that brochure. Please contact Andrew Kuhn if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Andrew Kuhn (CRD #6353122) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**DECEMBER 3, 2019**

## **Brochure Supplement (Part 2B of Form ADV)**

### **Supervised Person Brochure**

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#### **Principal Executive Officer – Andrew Kuhn**

- Year of birth: 1996
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#### **Item 2 - Educational Background and Business Experience**

##### Educational Background:

- Penn State University; Business; Attended 2015 – 2017

##### Business Experience:

- Focused Compounding Capital Management, LLC; Partner; 09/2019-Present
  - Whitney-Kuhn, LLC; Managing Member/Investment Advisor Representative/Chief Compliance Officer; 02/2016-Present
  - Whitney-Kuhn, LLC; President; 11/2015-Present
  - Andrew Kuhn, Sole Proprietor; Insurance Agent; 01/2015-Present
  - LPL Financial LLC; Registered Representative; 05/2015-10/2015
  - Full Time Student; 06/2009 – 03/2015
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#### **Item 3 - Disciplinary Information**

- A. Mr. Kuhn has never been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction for which he:
1. Was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) misdemeanor that involved investments or an investment-related business, fraud, false statement or omissions, wrongful taking of property, bribery, perjury, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
  2. Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  3. Was found to have been involved in a violation of an investment-related statute or regulation; or
  4. Was the subject of any order, judgement or decree permanently or temporarily enjoining, or otherwise limiting, him from engaging in any investment related activity, or from violating any investment-related statute, rule, or order.
- B. Mr. Kuhn never had an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which he:
1. Was found to have caused an investment-related business to lose its authorization to do business; or the subject of an order by the agency or authority;
  2. Was found to have been involved in a violation of an investment-related statute or regulation or was the subject of an order by the agency or authority (a) denying, suspending or revoking the authorization of the supervised person to act in an investment-related business; (b) barring or suspending his association with an investment-related business; (c) otherwise significantly

limiting his investment-related activities; or (d) imposing a civil money penalty of more than \$2,500 on him.

- C. Mr. Kuhn has never been the subject of a self-regulatory organization (SRO) proceeding in which he:
1. Was found to have caused an investment-related business to lose its authorization to do business; or
  2. Was found to have been involved in a violation of the SRO's rules and was: (a) barred or suspended from membership or from association with other members, or was expelled from membership; (b) otherwise significantly limited from investment-related activities; or (c) fined more than \$2,500.

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**Item 4 - Other Business Activities Engaged In**

Managing Member, Andrew Kuhn has a financial affiliated business as an independent insurance agent. Approximately 50% of his time is spent on this activity. He will offer Clients services from this activity. As an insurance agent, he may receive separate yet typical compensation.

This practice represents a conflict of interest because it gives an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

In addition, Mr. Kuhn is a partner in Focused Compounding Capital Management, LLC. This is not a conflict of interest as there are currently no crossover clients.

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**Item 5 - Additional Compensation**

Andrew Kuhn receives commissions on the insurance he sells.

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**Item 6 - Supervision**

Since Andrew Kuhn is the sole owner of Whitney-Kuhn, LLC he is solely responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual. He can be reached at [Andrew@kuhnncp.com](mailto:Andrew@kuhnncp.com) or 972-591-6514.

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**Item 7 - Requirements for State-Registered Advisors**

- A. Mr. Kuhn has not been involved in any of the following:
1. an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
    - a) An investment or an investment-related business or activity;
    - b) Fraud, false statement(s) or omissions;
    - c) Theft, embezzlement or other wrongful taking of property;
    - d) Bribery, forgery, counterfeiting, or extortion;
    - e) Dishonest, unfair or unethical practices.
  2. been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - a) An investment or an investment-related business or activity;
    - b) Fraud, false statement(s) or omissions;

- c) Theft, embezzlement or other wrongful taking of property;
- d) Bribery, forgery, counterfeiting, or extortion;
- e) Dishonest, unfair or unethical practices.

Mr. Kuhn has never been the subject of a bankruptcy petition.