

Firm Brochure
For Special Margin and Custody Services
(Part 2A of Form ADV)

J W KORTH & COMPANY, LP

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Field Code Changed

This brochure provides information about the qualifications and business practices of J W KORTH & COMPANY with regard to its services setting up custody and margin arrangements. . Our Portfolio Management Brochure deals with other services. If you have any questions about the contents of this brochure, please contact us at: 517 333 4512, or by email at: info@jwkorth.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 J W Korth & Company is available on the SEC's website at www.adviserinfo.sec.gov

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Margin Borrowing has risk and you should pay special attention to the Margin Disclosure Statement on Page 5 of this brochure.

3/31/2018

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Material Changes

Annual Update

This is an amendment to the previous annual update of our Special Margin and Custody Services Brochure. The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

.This section is not applicable as this is the first Special Margin and Custody Services Brochure

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochures, please contact us by telephone at: 517 333 4512 or by email at: info@jwkorth.com.

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Advisory Business

Firm Description

J W Korth & Company was founded in 1982.

While 2011 is the first year the firm has been active as an investment advisor, the Firm has been in the securities business since 1982, primarily specializing in the fixed income market. The firm is both a broker dealer and a financial advisor and as such manages portfolios both as a financial advisor and a market maker, underwriter and principal and agency trader in primarily fixed income securities. This brochure describes a specific activity with a separate contract for services. Our clients need the best custody and margin services and the firm engages various custodians to provide these services. We analyze their product offerings and recommends and negotiates the best arrangements for our clients.

Principal Owners

J W Korth & Company is a partnership organized under Michigan law. The General Partner, JW Korth LLC, owns more than 25% of the firm and is wholly owned by James Korth, who also serves as the Managing Partner of J W Korth & Company. Nearly all employees of the firm have equity interests.

Types of Advisory Services

This brochure addresses only our Special Margin and Custody services. Our clients need the best custody and margin services and the firm engages various custodians to provide these services. We analyze their product offerings and recommends and negotiates the best arrangements for our clients. Other advisory services are described in our Portfolio Management Firm Brochure..

As of the date of this brochure, J W Korth & Company has \$138 million in assets managed within its Investment Advisory business, which was started in 2011.

Types of Agreements

Special Margin and Custody Advisory Agreement

This agreement memorializes a relationship with the client whereby we analyze the custody and margin services offered by various custodians and based on the client's portfolio of securities and specific needs we identify the best custodian, arrange for the opening and management of custody and margin accounts. The fees for these arrangements are negotiable based on the level of margin borrowing for each account. Fees for these arrangements can be as high as 1.50% for smaller accounts less than \$100,000 and as low as .25% for larger institutional accounts.

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The length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying J W Korth & Company in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, J W Korth & Company will refund any unearned portion of the advance payment.

J W Korth & Company may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, J W Korth & Company will refund any unearned portion of the advance payment.

Fees and Compensation

Description

J W Korth & Company bases its fees on the margin balances in the custodial accounts it manages.

Fees are negotiable above threshold amounts.

Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice you before the three-month billing period has concluded. Payment in full is expected upon invoice presentation. Depending on the custodian being used, fees may be deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Investment Advisory clients may terminate the agreement at any time by providing written notice to J.W. Korth. If the agreement is terminated prior to the last day of the billing quarter, a prorated portion of the fees paid will be refunded to the client based on the remaining number of days in the quarter.

For example, if an account is valued at \$1,000,000 at the onset of the quarter, it would be billed in advance \$2,465.75 (1.0% annualized fee based on a 365 day year). If the quarter holds 90 days, the prorated refund would be \$27.397 per day (\$2,465.75/90). If the client terminates the contract 10 days prior to the end of the quarter, the refund would be \$273.97.

Other Fees

Investment advisory fees paid to J W Korth strictly cover advice and portfolio management services. The client is responsible for covering the following fees:

- Custodial fees
- Investment management fees and expenses charged by pooled investments such as mutual funds, exchange traded funds, and REITS
- Commissions associated with equity transactions or other agency based trades, including bond trades
- Mark-ups or mark-downs associated with fixed income trades executed on a principal basis

J W Korth & Company, in its sole discretion, may waive its minimum fee and/or 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.).

New Advisory Service Agreement fees are calculated on a formula basis and adjusted for complexity of individual situations.

As noted above, Investment Advisory fees paid to J W Korth cover advice and portfolio management services and do not cover costs associated with trade execution or custody. For example, if advisory clients hold their covered assets in a J W Korth brokerage account (as the firm is also a broker dealer), commissions, trails, mark-ups, and mark-downs associated with trading may be paid to the broker dealer arm of J W Korth in addition to the investment advisory fees.

Past Due Accounts and Termination of Agreement

J W Korth & Company reserves the right to stop work on any account that is more than 30 days overdue. Any unused portion of fees collected in advance will be refunded within 30 days.

Compensation

For the services described herein, only a percentage of the margin balance is charged to the client as a fee. When acting as the broker dealer and soliciting transactions for margin advisory clients, a conflict of interest may be present when J W Korth personnel chooses which securities to recommend because different securities may carry different margin requirements.

Performance-Based Fees

Sharing of Capital Gains

J.W. Korth does not accept performance based fees as part of the firm's own investment advisory services. However, J W Korth & Company may engage

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sub-advisors or invest in funds or separately managed accounts for its clients that are managed by advisers that do charge performance based fees. Such fees will be disclosed to and approved by clients before any new such investment arrangement is made. J W Korth & Company, via its broker dealer that is under common ownership, may indirectly accept a portion of performance based fees from performance based fee programs of other Advisors to which it refers clients.

Types of Clients

Description

J W Korth & Company generally provides investment advice to:

- Individuals
- Banks, Credit Unions, and Insurance Companies
- Pension and Profit Sharing Plans
- Trusts and Estates
- Charitable Organizations
- Corporations and other business entities

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$100,000 of assets under management, which equates to an annual fee of \$1500.

When an account falls below \$500,000 in value, the minimum annual fee of \$7500 or 1.5% is charged, whichever is lower. Depending upon circumstances, J W Korth & Company may sign another agreement with the client if assets have diminished significantly below \$500,000.

J W Korth & Company has the discretion to waive the account minimum. Accounts of less than \$100,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$100,000 within a reasonable time. Other exceptions will apply to employees of J W Korth & Company and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$1500 minimum annual fee, or 1.5%, whichever is lower. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

At least monthly J W Korth reviews the margin arrangements for its customers and compares the rates and services among several custodians. The review will be based on the clients particular needs, the types of securities margined and parameters regarding the custodian.

Risks Margin rates are generally negotiable and set by the lending institution. We cannot warrant that we have the best arrangements that any or all institutions offer. Further each institution has some level of credit risk this risk is often mitigated by insurance both from SIPC and outside independent providers. As part of our service we periodically review the insurance arrangements of custodians and will provide information regarding these arrangements to our clients but it is the client's decision as to which custodian where he places his assets. If an institution fails for any reason we cannot be held accountable for recommending safekeeping securities there.

Investment Strategies

For our Special Margin and Custody Services we do not employ any investment strategies. Such strategies may be created by our broker dealer or as an investment advisor for portfolio management. Please see our Portfolio Management Services brochure for information regarding these services.

Risk of Loss -Margin Disclosure Statement

Margin Borrowing has large risks. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from the Custodian where your securities are held. If you choose to borrow funds, you will need to open a margin account. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan. As a result, the Custodian can take action, such as issue a margin call and/or sell securities in your account, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include, but are not limited to, the following:

You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to Scottrade to avoid the forced sale of those securities or other securities in your account.

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The Custodian can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements required under the law, or Scottrade's higher "house" requirements, Scottrade can sell the securities in your account to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

The Custodian can sell your securities without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid and that the Custodian cannot liquidate securities in their accounts to meet calls unless Scottrade has contacted them first. This is not the case. Scottrade will attempt to notify you of margin calls, but is not required to under the regulations or as stated in our margin agreement. Even if the Custodian has contacted a customer and provided a specific date by which the customer can meet a margin call, Scottrade can still take the necessary steps to protect its financial interests, including immediately selling any securities without notice to the customer.

You are not entitled to choose which security in your margin account is liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, The Custodian has the right to decide which security to sell in order to protect its interest.

The Custodian can increase its "house" maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes at the Custodian can take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Scottrade to liquidate or sell securities in your account.

You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

J W Korth & Company Special Margin and Custody services are related only to recommending who we believe to be the best Custodian based on margin rates and the level of borrowing provided along with other technical services. J W Korth cannot act for or prevent the actions of any Custodian and therefore cannot be responsible for any activity by any Custodian described above.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment advisory clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

J W Korth & Company is registered as a securities broker-dealer.

Affiliations

J W Korth & Company is both a broker-dealer and an investment advisor. As such it charges both markups/commissions and fees to its clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

J W Korth & Company has adopted the National Association of Personal Financial Advisors Code of Ethics as our own and will provide them separately to any client or prospective client upon request. They may also be found at the end of this document.

Participation or Interest in Client Transactions and Personal Trading

For our Special Margin and Custody Services we do not employ any investment strategies and for accounts held outside of our broker dealer we do not have an interest in the client's margin transactions. There is no personal trading which is related to these services and there is typically no conflict of interest between our client and ourselves regarding these services. When margin advisory accounts are held at J W Korth's broker dealer, a conflict may be present due to a margin debit interest participation agreements between the our firm and our clearing firm (RBC Capital Markets)

Regular Reports

Clients will receive monthly statements if transactions have occurred (in the previous month) and quarterly if no transactions have occurred. In addition, clients will receive at least monthly confirmations for every trade executed in their account.

Clients receive periodic communications on at least an annual basis. Communications may be oral or written, depending on the size and complexity of the account and arrangements made with each client.

Client Referrals and Other Compensation

Incoming Referrals

J W Korth & Company does not have any arrangements in which the Firm will receive economic benefits for advisory services other than fees and brokerage charges collected from advisory clients.

J W Korth May make arrangements with other broker dealers and Registered Investment Advisors to provide its Special Margin and Custody Services. If such arrangements are made, the complete details of such arrangements including all fees charged and shared will be disclosed to the client.

Referrals Out

J W Korth & Company does not accept referral fees from other professionals when a prospect or client is referred to them.

J W Korth & Company, via its broker dealer that is under common ownership, may accept a portion of performance based fees from performance based fee programs to which it refers clients.

Custody

SEC “Custody”

From time to time, J W Korth & Company may be considered to have custody of certain types of accounts, such as when an employee acts as a trustee of an unrelated trust and the firm acts as the investment adviser to that trust. When the firm has such custody, an annual surprise audit of those custodied accounts is performed by an independent CPA firm in compliance with SEC requirements. Neither J W Korth & Company nor any of its related persons currently are investment advisers to a trust.

Custody and Account Statements

J W Korth & Company has an established custody and clearing agreement with RBC Capital Markets, a subsidiary of the Royal Bank of Canada, and periodically reviews available options for establishing relationships with other custodians. The use of these custodians will be a large part of the service described in this brochure. Clients will receive specific information regarding a given custodian each time it is recommended they open an account with a different entity. Account statements will be provided at least quarterly by these custodians.

Discretionary Authority for Trading

J W Korth & Company will have no investment discretionary authority as it relates to the Special Margin and Custody Service described in this brochure.

Voting Client Securities

Proxy Votes

Clients will receive their proxies directly from the transfer agent or custodian. J W Korth & Company does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, J W Korth & Company will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Financial Information

Financial Condition

J W Korth & Company does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

J W Korth & Company has not been the subject of a bankruptcy petition at any time.

Business Continuity Plan

General

J W Korth & Company has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

J W Korth & Company maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

J W Korth & Company is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to you annually, in writing.