

**Part 2A of Form ADV:
Firm Brochure**
for:

Lawson Kroeker Investment Management, Inc.

450 Regency Parkway, Suite 410
Omaha, NE 68114-3701
402.392.2606

www.lawsonkroeker.com

Dated March 26, 2019

This brochure provides information about the qualifications and business practices of Lawson Kroeker Investment Management. If you have any questions about the contents of this brochure, please contact us at 402.392.2606 or invest@lawsonkroeker.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. While Lawson Kroeker is a registered investment adviser with the SEC, this registration does not imply a certain level of skill or training.

Additional information about Lawson Kroeker also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105053.

Item 2 Material Changes

Lawson Kroeker does not have any material changes to disclose since the last update of our brochure on March 30, 2018.

When material changes do occur, we will see to it that a summary of those changes are provided to our clients.

A copy of our brochure may be requested at no cost by contacting our firm directly at (402) 392-2606 or via email at invest@lawsonkroeker.com.

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Item 4 Advisory Business

Lawson Kroeker Investment Management, Inc. is a SEC-registered investment adviser located in Omaha, Nebraska. Lawson Kroeker commenced operations in 1986.

Thomas J. Sudyka, Jr., President & CCO and Bruce H. Van Kooten, Vice President, are the firm's principal owners (i.e., those individuals controlling 25%, or more, of the firm).

Investment Supervisory Services Individual Portfolio Management

Lawson Kroeker provides investment supervisory services through the individual portfolio management of client accounts. This service is offered on a fully discretionary basis. As of December 31, 2018, Lawson Kroeker is actively managing \$360,238,200 of clients' assets on a discretionary basis.

Portfolio management services are tailored to the individual needs of the client. Portfolio managers assess those needs through personal client discussions regarding investment goals, time horizons, cash flow needs, tax considerations, and risk tolerances.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investments are not limited to any specific product and may generally include the following securities:

- Exchange-Listed Equity Securities
- Over-the-Counter Traded Equity Securities
- Foreign-Issued Equity Securities
- Corporate Bonds
- Municipal Securities
- United States Government Securities

Mutual Fund

In addition to individual portfolio management, Lawson Kroeker provides investment advisory services to a registered, open-end investment company, LK Balanced Fund. This company is referred to herein as "Fund". The Fund's investment objective is to seek to achieve long-term capital appreciation and current income utilizing a balanced investment approach.

Wrap Fee Programs

Lawson Kroeker participates in a separately managed account dual contract wrap fee program by providing portfolio management services in connection with a certain wrap fee program sponsored by an unaffiliated third-party. In wrap fee programs, clients generally pay a single wrap fee to the wrap fee program sponsor that covers trade and execution services, including commission costs. Under these wrap fee programs, the advisory client selects the broker-dealer that will have custody of the client's account assets and execute security transactions on behalf of the client. In the dual contract wrap fee programs, clients typically sign separate agreements with the wrap fee program sponsor and Lawson Kroeker. Clients will delegate investment discretion directly to Lawson Kroeker, who will charge the client a separate fee for its

investment management services. The client generally will pay Lawson Kroeker its fee directly. Lawson Kroeker's fee will be in addition to wrap fee that the client pays to the sponsor and does not include the cost of custody and trade and execution services (including commissions) generated by the client's participation in the wrap fee program. Presently, Lawson Kroeker participates in a wrap fee program sponsored by Morgan Stanley. For more information about this wrap fee program, including fees and other terms and conditions of investment, please consult the sponsor's wrap fee program brochure.

Item 5 Fees and Compensation

Individual Portfolio Management

Our annual fees for individual portfolio management are based upon a percentage of assets under management and generally follow the schedule listed below:

<u>Account Market Value</u>	<u>Annual Fee Rate</u>
First \$2,000,000	1.00%
Next \$3,000,000	0.75%
Next \$5,000,000	0.50%
Over \$10,000,000	0.30%

This management fee is assessed at the end of each calendar quarter based on the then current fair market value of the securities and cash account. A negotiated fee will be considered for those accounts with restricted investment focus or special circumstances. In selected instances, client assets may be invested in mutual funds. In such instances, the client pays the management fee charged by Lawson Kroeker as well as the management fee charged by the mutual fund.

Unless otherwise agreed upon, fees will be directly debited from the client's account by the custodian bank during the month following the end of each calendar quarter. A fee statement and account valuation will be provided to the client when fees are assessed. Verification of the accuracy of the fees is the responsibility of the client rather than the custodial bank.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. The investment management agreement may be terminated at any time, by either party, without penalty.

Lawson Kroeker's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodial banks and brokerage firms, such as custodial fees, wire transfer and electronic fund fees, or termination fees. Lawson Kroeker will pay the normal and reasonable custodial fee if the assets are placed with the custodian bank selected by our firm. Lawson Kroeker shall not receive any portion of these commissions, fees, or costs.

Item 12 further describes the factors that Lawson Kroeker considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their commissions.

Mutual Fund

The investment management fee for the LK Balanced Fund is 0.75% per year, based on the market value of the assets under management. When individually managed account client assets are invested in the Fund,

Lawson Kroeker excludes assets invested in this Fund from the asset base used for purposes of determining the amount of management fees payable to Lawson Kroeker.

Wrap Fee Programs

As summarized above in Item 4, Lawson Kroeker participates in a separately managed account dual contract wrap fee program in which the client generally pays Lawson Kroeker its fee directly. These fees, which are separate from and in addition to the wrap fees the client pays to the program sponsor, are specified in the separate investment advisory agreement between the client and Lawson Kroeker.

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

Lawson Kroeker does not charge performance-based fees for its investment supervisory services.

Item 7 Types of Clients

Lawson Kroeker generally provides investment advisory services to individuals, trusts, charitable organizations, corporations, pension and profit sharing plans, and investment companies.

We require a \$1,000,000 minimum market value for individually managed accounts. Related accounts may be combined to qualify for the minimum account size requirement. Consideration will be given to waive the minimum size requirement in instances where significant future contributions to the account are expected.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The firm's investment philosophy is based on the belief that shares of stock represent ownership of lasting businesses and are not simply a momentary event captured on a price chart. We further believe that some businesses are inherently better than others; they consistently generate high returns on capital because they possess a secular and sustainable competitive advantage. Finally, we believe that the value of a business can be estimated through fundamental analysis and that occasionally, the shares of superior businesses are offered in the stock market at a discount to the true value of the business.

Given our philosophy, we attempt to purchase securities as an owner, not an investor. By this we simply mean we prefer to purchase good businesses—those that have a competitive advantage, strong management, operate in growing markets, and have an expanding free cash flow. Rather than focusing on generic financial characteristics such as price/earnings or price/book ratios and applying this same valuation method to all companies, we prefer to tailor the valuation method to determine a company's estimated value.

Our fixed income philosophy is an extension of our equity philosophy in that we approach all investments from a fundamental basis. We do not try to time the short-term movements of interest rates, but prefer to build a portfolio of high quality corporate, agency, and government bonds that meet the client's objectives. As our fixed income portfolios are normally a complement to our equity portfolios, risk capital is allocated to the equity side of an account, while the fixed income side remains a source of stability.

Our investment process flows from our philosophy, and begins with independent research to identify areas of attractive investment opportunities. Company by company, fundamental analysis is performed to discover factors influencing a business's profitability. Included in our analysis of individual securities is an overview of general economic conditions; an evaluation of the stock and bond markets relative to each other; and to economic, social, and political trends. Stock selection is accomplished only after completing a thorough analysis. Buy/sell/retain decisions are made based upon our analysis of a security's estimated worth relative to its current price. We are not market timers or traders, but prefer to give our thorough analysis of a particular security's true worth time to be recognized by the market.

Corporate, agency, and government bonds are continually compared against each other at all maturities to evaluate where the best opportunities lie for improved total return. Yields-to-Maturity, yields-to-worst, cash flow yields, yield increment per unit of duration are all measures we use to compare like-quality bonds. Credit analysis of corporate bonds is performed to try and avoid future rating downgrades as well as identify possible upgrade candidates.

Asset allocation is a collaborative effort with the client to make sure the selected target allocation meets their return goals within their risk parameters. Ongoing asset allocation around the target allocation is done opportunistically to attempt to take advantage of market fluctuations and imbalances. We do not, however, attempt to time the market and generally stay within 10%—plus or minus—of the selected target allocation. (i.e., if the target is 50% invested in equities, the equity allocation will range between 45%–55% of the total portfolio.)

Lawson Kroeker attempts to add value by utilizing its wealth of professional experience. Portfolios are constantly monitored as to what securities are beneficial and/or a hindrance to performance on an ongoing basis. Attempts to categorize the firm as a *value* or *growth* investor are unsuccessful as our approach lends itself to moving to where fundamentally attractive securities are found, rather than limiting the scope of our approach unnecessarily.

Investing in securities involves risk of loss that any client should be prepared to bear. The primary risks of investing include market risk, equity risk, debt securities risk, and foreign securities risk.

Market risk is the potential for an investor to experience losses due to fluctuations in securities prices. These increases or decreases in value can be in response to economic, political, or social events/conditions in the U.S. or abroad. This risk cannot be diversified away.

Investing in equity securities presents risk as these securities are subject to great fluctuations in value due to factors such as a company's financial performance, industry conditions, stock market cycles, and investor perceptions. Also—within a portfolio that holds relatively few stocks—the appreciation or depreciation of any one security can have a great impact on the value of the portfolio as opposed to a portfolio invested in a larger number of stocks.

Debt securities present several unique risks including interest rate risk which is the risk of loss due to changes in interest rates. Generally, bond prices fall as interest rates rise. Credit risk is the ability of the issuer of the debt security to meet the interest or principal obligations when due. Liquidity risk is defined as the ability to buy or sell the security at an opportune time and price.

Investments in foreign/non-U.S. securities involve several risks: political risk, taxation implications, and currency exchange rate risk. The political climate of foreign countries creates portfolio risk because of political and diplomatic changes and developments, accounting and reporting policies, and differing market structures. This risk can be diversified away by investing in a broad range of countries. Another complication exists as investors are locally taxed on foreign securities. Fluctuations in the value of

currencies can directly impact foreign investments and these fluctuations affect the risk of investing in non-U.S. securities.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material in evaluating Lawson Kroeker or the integrity of our management. Lawson Kroeker has no information applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

Lawson Kroeker is not engaged in any business other than giving investment advice. Nor do we sell products or services other than investment advice to clients.

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

Lawson Kroeker has adopted a Code of Ethics expressing the firm's commitment to a high standard of ethical business conduct and fiduciary duty to our clients. It also sets forth policies and procedures relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at Lawson Kroeker must acknowledge the terms of the Code of Ethics initially upon hire and as amended thereafter. Clients or prospective clients may request a complete copy of our Code of Ethics by contacting our firm directly.

Officers, directors, and employees of Lawson Kroeker may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of Lawson Kroeker will not interfere with making decisions in the best interest of advisory clients. Lawson Kroeker manages accounts that are related to the firm. A conflict could arise when allocating trades among related and non-related accounts. Lawson Kroeker has adopted a trade allocation policy to mitigate this risk.

Item 12 Brokerage Practices

Selection of broker-dealers for securities transactions is based upon Lawson Kroeker's ability to obtain the most favorable execution available—except to the extent that we are permitted to pay higher brokerage commissions for brokerage and research services as described below. In determining the most favorable price and execution, we will consider all factors we deem relevant to the interest of our clients. For example: the price, the size of the transaction, the nature of the market for the security, the amount of commission, and the timing of the transaction taking into account market prices and trends. Also, the reputation, experience, and financial stability of the broker-dealer involved and the quality of service rendered by the broker-dealer in other transactions is considered. Subject to these considerations, we may also place orders for the purchase and sale of securities on behalf of clients with broker-dealers who have provided statistical research or other financial information and services to Lawson Kroeker. The receipt of

this information will not reduce Lawson Kroeker's normal research activities in providing investment advice to its clients under advisory agreements.

When appropriate and consistent with its duty to seek best execution, Lawson Kroeker may direct trades for client accounts to broker-dealers who provide Lawson Kroeker with brokerage and research services. Brokerage and research services, includes advice as to the value of securities, the advisability of investing in, purchasing or selling securities, the availability of securities or purchases or sellers of securities; furnishing the analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and performance of accounts; and effecting securities transactions. The client commissions used to acquire these brokerage and research services are known as "soft dollars". Lawson Kroeker seeks to comply with Section 28(e) of the 1934 Act, which provides "safe harbor" allowing investment advisers to pay more than the lowest available commission for these services if it determines in good faith that the brokerage or research services fall within the definitions set forth in Section 28(e); the brokerage or research services provide lawful and appropriate assistance in the investment decision-making process; and the commissions paid are reasonable in relation to the services provided. This use of client commissions to pay for research may present Lawson Kroeker with conflicts of interest. Brokerage and research services obtained with soft dollars are not necessarily utilized for the specific account that generated the soft dollars. Some clients may benefit from the brokerage and research services obtained from soft dollars despite the fact that their trade commissions may not be used to pay for these services. Lawson Kroeker does not attempt to allocate the relative costs or benefits of brokerage and research among client accounts because it believes that, in the aggregate, the brokerage and research services it receives benefit clients and assists Lawson Kroeker in fulfilling its overall duties to clients. Accordingly, broker-dealers selected by Lawson Kroeker may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Lawson Kroeker determines in good faith that such amounts are reasonable in relation to the value of the brokerage and research services provided by those broker-dealers.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of the individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type.

In selecting broker-dealers, Lawson Kroeker does not consider whether we receive client referrals from a particular broker-dealer.

Lawson Kroeker does not recommend, request, or require that a client direct brokerage; however, we permit clients to direct all or a portion of their account brokerage to be executed with a particular firm. Such direction may prevent the portfolio manager from achieving the most favorable execution and may cost the clients more money.

Lawson Kroeker may be able to obtain a better execution for our clients by aggregating orders to purchase or sell the same security as one large order. Whenever we determine that it is in the client's best interest to aggregate orders, we will attempt to execute orders in this manner. Aggregated orders may include proprietary accounts, client accounts and/or personal accounts. Under this practice of aggregating orders, each account participating in an aggregate order will do so at the average share price of the order execution and all other transaction costs will be shared on a pro rata basis.

The adviser generally will establish a trade objective specifying the participating client accounts and how he intends to allocate the order among those clients before entering the aggregated order. If the order is

filled in its entirety, it will be allocated among the clients in accordance with the pre-established trade objective.

Aggregated orders which are partially filled may be allocated one of two ways: using either a pro rata or rotational allocation method. The pro rata method allocates securities proportionately according to the original trade objective. In some circumstances where a pro rata allocation will not be beneficial to clients, a rotational method will be employed. Under this method, the adviser must allocate securities based on a pre-determined order of priority among accounts. If the adviser is able to complete the desired order in subsequent days, those accounts that did not participate originally will now do so in the pre-determined order until the adviser has completely allocated a given security. This rotational system is established so as not to favor one particular advisory account—including proprietary accounts—over another, over time. However, advisory accounts and proprietary accounts will at all times be given priority to participate in partial fill allocations over personal accounts.

At no time will the adviser receive additional compensation or remuneration of any kind as a result of the aggregation.

Item 13 Review of Accounts

Reviews of client accounts are conducted routinely by Thomas Sudyka, Jr., President, Bruce Van Kooten, Vice President and Chad C. Clauser, Vice President. Each of these officers/portfolio managers typically maintains fifty to seventy client relationships. A relationship may be a family or institution and may have more than one account. Each portfolio manager will review conformity to client objectives and goals, tax considerations, and the nature of the account holdings. The reviews of individual client portfolios will occur no less frequently than quarterly. In addition, Lawson Kroeker will maintain a master list of all clients' securities which may have substantial commonality. Such list will be monitored continuously and market or economic developments may trigger further review.

On a quarterly basis, clients are delivered a portfolio appraisal which details the securities held in their account and the market value of each holding as well as an aggregate market value of the portfolio. In addition, the independent qualified custodian for each client account will provide reports to the clients at least quarterly. These reports will include both a list of the assets in the account (with market value) and all transactions taken place (i.e., purchases and sales, income received, expenditures, and any other activity.)

Item 14 Client Referrals and Other Compensation

Lawson Kroeker does not receive an economic benefit from anyone who is not a client for providing investment advice or other advisory services to our clients. The firm does not compensate any person for client referrals.

Item 15 Custody

Independent qualified custodians hold and maintain a client's investment assets, Lawson Kroeker does not provide this service. The custodian for each client account will provide reports to the clients at least quarterly. These reports will include a list of assets in the account, purchases and sales for the account, and

income and expenditures of the account. In addition, Lawson Kroeker will deliver to clients, on a quarterly basis, a portfolio appraisal which details the securities held in their account and the market value of each holding as well as an aggregate market value of the portfolio. We urge clients to carefully review the official custodial records to the account statements that we provide. Our statements may vary from custodial statements based on valuation methodologies of certain securities, accounting procedures, or reporting dates.

Item 16 Investment Discretion

Lawson Kroeker has discretionary authority from our clients to select the amount and nature of securities to be bought and sold in connection with fully managed accounts. Guidelines are established relating to the types of securities appropriate for each account and are tailored to the individual needs of the client. Portfolio managers assess these needs through personal client discussions both when the account is opened and during periodic reviews. Discretionary authority is to be exercised in a manner consistent with the established guidelines for the particular client account.

Clients may hold specific securities in their account where Lawson Kroeker is given limited or no authority. In such cases, these securities will be held in an unsupervised/restricted category. Clients also may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. We will comply with any limitations or restrictions on authority imposed by the client.

Item 17 Voting Client Securities

Lawson Kroeker has no obligation to take any action or render any advice with respect to voting proxies of securities held by clients. However, clients may direct us to vote proxies on their behalf and in such instances, we will do so according to the following Proxy Voting Policy.

General Policy

Lawson Kroeker Investment Management (“LKIM”) will vote proxies for its clients when authorized to do so by such clients. When LKIM votes proxies it generally follows the so-called *Wall Street Rule* (i.e., it votes as management recommends or sells the stock prior to the meeting). LKIM believes that usually following the *Wall Street Rule* is consistent with the economic best interests of its clients. Consistent with its duty of care, LKIM monitors proxy proposals just as it monitors other corporate events affecting the companies in which its clients invest.

Conflicts of Interest

There may be instances where the interests of LKIM may conflict or appear to conflict with the interests of its clients. For example, LKIM may manage a pension plan of a company whose management is soliciting proxies and there may be a concern that LKIM would vote in favor of management because of its relationship with the company. In such situations LKIM will, consistent with its duty of care and duty of loyalty, vote the securities in accordance with its pre-determined voting policy, the *Wall Street Rule*, but only after disclosing the conflict to clients and affording the clients the opportunity to direct LKIM in the voting of such securities.

Recordkeeping

LKIM will maintain the following records with respect to proxy voting;

- A copy of this proxy voting policy;
- A copy of all proxy statements received (LKIM may rely on the EDGAR system to satisfy this requirement);

- A record of each vote cast on behalf of a client (LKIM may rely on a third party to satisfy this requirement);
- A copy of any document prepared by LKIM that was material to making a voting decision or that memorialized the basis for that decision;
- A copy of each written client request for information on how LKIM voted proxies on the client's behalf, and a copy of any written response to any (written or oral) client request for information on how LKIM voted proxies on behalf of the requesting client.

Disclosure

LKIM will furnish a copy of this policy to each of its clients for which it is authorized to vote proxies. LKIM will disclose to such clients how proxies were voted upon request. Requests may be made by calling LKIM at 402.392.2606.

In instances where Lawson Kroeker is not given authority to vote client securities, clients will receive their proxies and other solicitations from their custodian. Clients may contact us with questions about a particular solicitation.

Item 18 Financial Information

Lawson Kroeker does not require or solicit prepayment of management fees and does not custody client funds or securities. Therefore, Lawson Kroeker is not required to file a balance sheet. In addition, Lawson Kroeker has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.