

Lazari Capital Management, Inc.

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Lazari Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (818) 264-0610 or by email at: Michael@LazariCapital.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 Lazari Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Lazari Capital Management, Inc.'s CRD number is: 172932.

6928 Owensmouth Ave. #200
Woodland Hills, CA, 91303
Phone: (818) 264-0610
Fax: (818) 264-0612
Michael@LazariCapital.com

Registration does not imply a certain level of skill or training.

Version Date: 08/03/2020

Item 2: Material Changes

There are no material changes in this brochure from the last annual updating amendment on 02/11/2020 of Lazari Capital Management, Inc.. Material changes relate to Lazari Capital Management, Inc.'s policies, practices or conflicts of interests.

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Item 4: Advisory Business

Business Description

We provide services to individuals, high-net-worth individuals, pension and profit sharing plans and corporations or business entities concerning mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), options, treasury inflation protected/inflation linked bonds, commodities, non-U.S. securities, venture capital funds and private placements. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client’s interests first and must fully disclose any potential conflict of interest. We do not hold customer funds or securities.

A. Description of the Advisory Firm

Lazari Capital Management, Inc. (hereinafter “LCMI”) is a Corporation that was formed in August 2014, and the principal owner is Michael Lazari Karapetian.

B. Types of Advisory Services

Portfolio Management Services

LCMI offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. LCMI creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

LCMI evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. LCMI will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

LCMI seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of LCMI’s economic, investment or other financial interests. To meet its fiduciary obligations, LCMI attempts to avoid, among other things, investment or trading practices that systematically

advantage or disadvantage certain client portfolios, and accordingly, LCMI's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is LCMI's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

Pension Consulting Services

LCMI offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants. LCMI is currently accepting rollover transfers, and provide management services to pensions, and 401(k). LCMI will utilize third parties for 401(k) business.

Services Limited to Specific Types of Investments

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

Financial Planning and Estate Planning

Financial plans and financial planning may include but are not limited to: estate planning; investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning.

C. Client Tailored Services and Client Imposed Restrictions

LCMI offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LCMI from properly servicing the client account, or if the restrictions would require LCMI to deviate from its standard suite of services, LCMI reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. LCMI does not participate in any wrap fee programs.

E. Assets Under Management

LCMI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$221,913,392.00	\$51,599,315.00	December 2019

Item 5: Fees and Compensation

A. Fee Schedule

Lower fees for comparable services may be available from other sources.

Asset-Based Fees for Portfolio Management

The annual fee for all assets will be 3.00%. This fee is generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of LCMI's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 15 days' written notice.

LCMI bills based on the balance on the first day of the billing period.

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance. Fees are calculated by multiplying the daily rate* by the number of days in the given quarter (*the daily rate is calculated by dividing the annual asset-based fee rate by 365).

LCMI collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account. For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate* times the number of days elapsed in the billing period up to and including the day of termination (*the daily rate is calculated by dividing the annual asset-based fee rate by 365).

LCMI will not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client.

The negotiated rate is: _____.

Pension Consulting Services Fees

The standard rate for creating client pension consulting plans will range from 0.05% to 0.50% and these fees are negotiable and discounts may be available depending on the size of the plan and scope of the engagement. The final fee schedule will be attached as Exhibit II of the client contract. This service may be canceled with 30 days' notice.

Financial Planning and Estate Planning Fees

Hourly Fees

The hourly fee for these services is \$250. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

Clients may terminate the agreement without penalty, for full refund of LCMI's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement with upon written notice.

B. Payment of Fees

Payment of Asset-Based Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

Payment of Fixed or Hourly Pension Consulting Services Fees

Fixed pension consulting fees are paid via check. These fees are paid 100% in advance, but never more than six months in advance.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check. These fees are paid 100% in advance, but never more than six months in advance.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and

distinct from the fees and expenses charged by LCMI. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

LCMI collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

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

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

E. Outside Compensation For the Sale of Securities to Clients

LCMI or its supervised persons may accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Michael Lazari Karapetian is a registered representative of a broker-dealer and in this role, accepts compensation for the sale of securities and other products to LCMI clients. Michael Lazari Karapetian is also an insurance agent but does not receive compensation from the sale of insurance products.

1. This is a Conflict of Interest

Supervised persons may accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds to LCMI's clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of securities or investment products for which the supervised persons receives compensation, LCMI will document the conflict of interest in the client file and inform the client of the conflict of interest.

2. Clients Have the Option to Purchase Recommended Products From Other Brokers

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

3. Commissions are not the Primary Source of Income for LCMI

Commissions are not LCMI's primary source of compensation.

4. Advisory Fees in Addition to Commissions or Markups

Advisory fees that are charged to clients are reduced to offset the commissions or markups on securities or investment products recommended to clients.

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

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

Item 7: Types of Clients

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

Minimum Account Size

There is no account minimum for any of LCMI's services.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

LCMI's methods of analysis include charting analysis, fundamental analysis, technical analysis, cyclical analysis, quantitative analysis and modern portfolio theory.

Charting analysis involves the use of patterns in performance charts. LCMI uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

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

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

Investment Strategies

LCMI uses long term trading, short term trading, short sales, margin transactions and options trading (including covered options, uncovered options, or spreading strategies).

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

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

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.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not

always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative Model Risk: Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Investment Strategies

LCMI's use of short sales, margin transactions and options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

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

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

Short sales entail the possibility of infinite loss. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's

threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

Options transactions involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

High Probability Options Trading is an actively managed, alternative investment strategy that seeks capital appreciation through the use of various options trading. This strategy writes (sells) spreads in order to maximize the buying power in an investment account by reducing the amount of premium received per contract and increasing the number of contracts in which the strategy can enter into at one time. It is designed to be short-term in nature and have little correlation to the equity or interest rate sensitive markets. This strategy includes the risk of investment losses.

Non-traded REITs may have additional risks resulting from their relative illiquidity. Furthermore, non-traded REITs typically have higher fees than traditional REITs. Additionally, non-traded REITs lack of mark-to-market pricing, an accounting practice that provides investors with an appraisal of a company's assets at the current market price.

Leveraged Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Leverage provides additional risk, as any losses sustained will constitute a greater percentage of principal than if leverage had not been employed. Additionally, if losses occur, the value of the account may fall below the lender's threshold thereby forcing the account holder to devote more assets to the account or sell assets on a shorter time frame than desired. Areas of concern for ETFs include the lack of transparency in products and increasing complexity, conflicts of interest, and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Inverse ETFs are designed to produce the inverse returns on a daily basis of whatever index they are tracking. For example if the S&P 500 were to fall 10% in a given day, an S&P 500 inverse ETF would be up 10% that same day. Because inverse ETFs "reset" daily, their performance over longer periods of time -- over weeks or months or years -- can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.

Structured product transactions, especially the use of Reverse convertible notes (RECONS), are designed to generate monthly or quarterly Income with a barrier or buffer to the downside. These investments include principal risk if the underlying stock in the note trades below the barrier price established in the prospectus.

Private REIT transactions are another way to invest in the commercial real estate sector. These Investments offer a monthly or quarterly disbursements but principal must be tied up for a certain number of years since these investments are not publically traded upon initial investment. Most Private REIT's do offer a buyback after the 2nd year but may dispose of the buyback program without notice.

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

C. Risks of Specific Securities Utilized

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

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

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

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

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

Real Estate funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

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

Private placements carry a substantial risk as they are subject to less regulation than are publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and the liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

Venture capital funds invest in start-up companies at an early stage of development in the interest of generating a return through an eventual realization event; the risk is high as a result of the uncertainty involved at that stage of development.

Commodities are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

Options are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

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

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

As a registered representative of Kovack Securities, Inc., both Michael Lazari Karapetian and Michael De Luz accept compensation for the sale of securities.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

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

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Michael Lazari Karapetian is a registered representative of Kovack Securities, Inc. (d/b/a Lazari Asset Management, Inc.) and an independent insurance agent. Michael Lazari Karapetian is an owner of JAMED, LLC (1% of his time), which is a real estate holding company that only holds one commercial building. He is also an owner of Pompeii Holdings, LLC (0% of his time), as a passive investor only providing capital, which invests in small businesses that are in need of capital injection. Michael Lazari Karapetian is on the Board of Trustees for Moravian College (1% of his time), meeting with the board on a quarterly basis to discuss the College's mission, policies, and objectives. He is also on the Board of Trustees for Crestview Preparatory School (1% of his time), meeting with the board every other month during the school year to discuss the School's mission, policies, and objectives.

From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. LCMI always acts in the best interest of the client, including with respect to the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of LCMI in such individual's outside capacities.

Michael Kirk De Luz is a registered representative and Branch Manager for Kovack Securities, Inc. d/b/a Lazari Asset Management, Inc. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Lazari Capital Management, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Lazari Capital Management, Inc. in such individual's outside capacity.

Michael Kirk De Luz is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Lazari Capital Management, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to

implement the plan through any representative of Lazari Capital Management, Inc. in their capacity as a licensed insurance agent.

Michael Kirk De Luz is an investment adviser representative with another investment advisory firm. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Lazari Capital Management, Inc. always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any Lazari Capital Management, Inc. representative in such individual's outside capacities.

Rajiv Kirit Shah is a registered representative. From time to time, he will offer clients advice or products from this activity. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Lazari Capital Management, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services any representative of Lazari Capital Management, Inc. in such individual's outside capacity.

Rajiv Kirit Shah is a consultant for a Broker/Dealer. He does not have his own client and does not receive any commissions from this activity.

James Richard Koller is a licensed insurance agent who sells term, whole life, disability and long-term care insurance. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Lazari Capital Management, Inc. always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any representative of Lazari Capital Management, Inc. in such individual's outside capacities.

Kirk Shahan Mekerdichian is a licensed assistant at Kovack Securities.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

D. Selection of Other Advisers or Managers and How This Adviser is compensated for Those Selections
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LCMI does not utilize nor select third-party investment advisers.

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

A. Code of Ethics

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

B. Recommendations Involving Material Financial Interests

Conflict of interest situations that arise in connection with the management of the assets of clients will be handled on a case-by-case basis.

Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. If a principal transaction arises, LCMI will only execute such transaction with the consent of the applicable client. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of a related person, buys from or sells any security to any advisory client.

If an agency cross transaction arises, LCMI will only execute such transaction with the consent of the applicable client. An agency cross transaction is generally defined as a transaction where a person acts as investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of LCMI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of LCMI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. LCMI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of LCMI may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of LCMI to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, LCMI will never engage in trading that operates to the client's disadvantage if representatives of LCMI buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

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

LCMI recommends Fidelity Brokerage Services LLC and Raymond James Financial Services, Inc.

1. Research and Other Soft-Dollar Benefits

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

2. *Brokerage for Client Referrals*

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

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

LCMI may permit clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to LCMI to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; [the client may be unable to participate in block trades (unless LCMI is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

If LCMI buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, LCMI would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. LCMI would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any). Additionally, if LCMI does not aggregate securities in a single transaction for multiple clients when buying or selling the same securities on behalf of more than one client, then LCMI may be unable to achieve most favorable execution of client transactions, which could cost clients money in trade execution.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for LCMI's advisory services provided on an ongoing basis are reviewed at least monthly by Michael L Karapetian, President with regard to clients'

respective investment policies and risk tolerance levels. All accounts at LCMI are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

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

C. Content and Frequency of Regular Reports Provided to Clients

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

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

LCMI does not receive any economic benefit, directly or indirectly from any third party for advice rendered to LCMI's clients.

B. Compensation to Non – Advisory Personnel for Client Referrals

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

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, LCMI will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Clients will also receive statements from LCMI in states that require invoices and are urged to compare the account statements they received from custodian with those they received from LCMI.

Item 16: Investment Discretion

LCMI provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, LCMI generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. LCMI will also have discretionary authority to determine the broker or dealer to be used for a purchase or sale of securities for a client's account. Clients with discretionary accounts will execute a limited power of attorney to evidence discretionary authority. Clients may, but typically do not, impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

Item 17: Voting Client Securities (Proxy Voting)

LCMI acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated to it, or for which it is deemed to have, proxy voting authority. LCMI will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. LCMI may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, LCMI may vote in a manner that is contrary to the general guidelines if it believes that doing so would be in a client's best interest to do so. If a proxy proposal presents a material conflict of interest between LCMI and a client, then LCMI will determine how to vote that proxy and whether the conflict of interest will be disclosed to the client.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting LCMI in writing and requesting such information. Each client may also request, by contacting LCMI in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant client during the prior annual period.

Item 18: Financial Information

A. Balance Sheet

LCMI neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither LCMI nor its management has any financial condition that is likely to reasonably impair LCMI's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

LCMI has not been the subject of a bankruptcy petition in the last ten years.