

Item 1 - Cover Page

LCM Capital Management Inc.

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April 30, 2021

**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of LCM Capital Management Inc. ("LCM"). If you have any questions about the contents of this brochure, please contact John Nowicki at 312 705-3013 or at jnowicki@lcmcapital.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 LCM is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for LCM is 111074.

LCM is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 - Material Changes

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

The material changes in this brochure since the last annual updating amendment of LCM Capital Management Inc. on April 30, 2020 are described below.

On April 30, 2021, we submitted our annual updating amendment for fiscal year 2020 and amended Item 4 of our Form ADV Part 2A Brochure to reflect discretionary assets under management of \$ 244,470,836 and non-discretionary assets under management of \$18,495,438.

The other updates made in this Brochure are limited to technical re-writes and/or updates to certain sections. We have made no material changes in the products and services that we offer, our investment advice and management processes, or the way that we manage our business.

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Item 4 - Advisory Business

Description of Services and Fees

LCM Capital Management Inc. ("LCM") is a registered investment advisor based in Chicago, Illinois. We are organized as a corporation under the laws of the State of Illinois. We have been providing investment advisory services since 1998. John Michael Nowicki and Gary Michael Wozny are the principal owners. Currently, we offer the following investment advisory services:

- **Portfolio Management Services/Wrap Fee Program**
- **Advisory Services to Retirement and 529 Plans**
- **Pension Consulting – Retirement Plan Services**

LCM provides investment advisory services through ongoing supervisory management for individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations and corporations on a discretionary basis. Described below are our investment advisory services including how we adapt our advisory services to your individual needs. Additionally, LCM also provides certain non-discretionary advisory services.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are registered as investment adviser representatives in all required jurisdictions.

The following paragraphs describe our services and fees. As used in this brochure, the words "we", "our" and "us" refer to LCM Capital Management Inc. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Portfolio Management Services/Wrap Fee Program

We offer discretionary portfolio management services through the LCM Private Asset Management Program, a Wrap Fee Program (the "Program"). Our investment advice is based upon our clients' needs and investment objectives. An Associated Person of our firm will discuss your investment objectives, risk tolerance, and other relevant information (the "suitability information"). Each potential client receives an information request asking for copies of documents relating to the client's current assets that make up the client's investment portfolios. We use certain tools to determine a client's risk parameters, time horizon and investment objectives. Through these methods, we will allocate the client's investments and make discretionary investment decisions for the client based upon the client's stated goals and objectives. A client may impose reasonable restrictions on LCM's choice of securities so long as the client provides clear written direction to that effect. Once we construct an investment portfolio for you, we will monitor your portfolio, and can rebalance the portfolio in light of changes in market conditions and in your financial circumstances.

We are the portfolio manager and sponsor of the Program. Our portfolio management services are offered through the Program for a single fee that includes administrative fees, portfolio management fees, and transaction costs. See Item 5 for details.

Transactions for the Program will be executed by Charles Schwab & Co., Inc. Advisor Services ("Schwab") and/or Fidelity Brokerage Services LLC ("Fidelity"), securities broker-dealers and members of the Financial Industry Regulatory Authority and the Securities Investor Protection

Corporation, unless you direct LCM to execute certain trades through another broker-dealer. Schwab or Fidelity will provide you with services related to custody of securities, trade execution, and trade clearance and settlement. In the Program, you may not direct LCM to custody accounts other than through Schwab or Fidelity. For more information concerning the Program, please see *Appendix 1* to this Brochure.

In determining whether to establish a Program account, a client should be aware that the overall cost to the client of the Program may be higher or lower than the client might incur by purchasing separately the types of services and securities available in the Program. In order to compare the cost of the Program with unbundled services, the client should consider the turnover rate in our investment strategies, trading activity in the account and standard advisory fees and brokerage commissions, if any, that would be charged at Schwab or Fidelity or at other broker-dealers and investment advisors.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Advisory Services to Retirement and 529 Plans.

LCM offers non-discretionary advisory services for participants of retirement and 529 plans. These services provide assistance with recommendations as to how to allocate your investments among the investment choices. Investment choices are limited to availability of funds in the respective plan. Where appropriate, we may provide you with recommendations to change your asset allocation in an effort to remain consistent with your stated financial objectives. You are free at all times to accept or reject any of our investment recommendations. You are solely responsible for implementing our recommendations.

Pension Consulting – Retirement Plan Services

LCM provides a wide range of inter-related services for retirement plans to assist Plan fiduciaries in fulfilling their ERISA responsibilities. Services include: Plan design consulting, participant communications, strategy optimization, investment consulting, investment manager due diligence, investment policy creation and maintenance, record keeper search, asset allocation optimization, possible income replacement solutions, total Plan fee analysis, and operational compliance review. In providing these services, LCM may act as a fiduciary under ERISA Section 3(21).

LCM acting as an advisor under ERISA § 3(21)

For the purposes of ERISA § 3(21), LCM does not exercise any discretionary authority or control respecting management of the Plan or management or disposition of its assets or have any discretionary authority or discretionary responsibility in the administration of the Plan. Therefore, LCM is not a “fiduciary” pursuant to ERISA except to the extent it renders “investment advice” to the Plan within the meaning of section 3(21) of ERISA and Department of Labor regulations thereunder. The participants are responsible for any individual investment selections made under the Plan.

Under ERISA § 3(21), LCM acts as the advisor making investment recommendations to the plan

sponsor, but it is ultimately up to the Plan sponsor to decide whether and how to implement these recommendations. Furthermore, under ERISA § 3(21), the participants are responsible for any individual investment selections made under the plan.

LCM provides several options for plan consulting related services either separately or in combination. Clients may choose to use any or all of the following services:

- a. Provide non-discretionary investment advice to the client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.
- b. Assist the client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- c. Assist the client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring investment performance. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- d. Assist in monitoring investment options by preparing periodic due diligence investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS. We will make recommendations to maintain, remove or replace investment options based upon client's IPS.
- e. Meet with the client on a periodic basis to discuss the Plan due diligence reports and the Plan's investment menu adherence to IPS guidelines. Although LCM is not involved in the purchase or sale of these investments, we will monitor the client's portfolio and make recommendations to the client in light of current market factors and the client's needs.
- f. Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(a).
- g. Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. The client understands the Adviser's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, LCM is not providing fiduciary advice as defined by ERISA to the Plan participants. LCM will not provide investment advice concerning the prudence of any investment option or combination of investment options for a participant or beneficiary under the Plan.
- h. Assist with group enrollment and educational meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees as to their company's retirement plan. LCM may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between LCM and client.

- i. Assist in the development of risk-based asset allocation of investments among categories of assets within the Plan. LCM will provide recommendations for investment selection and will monitor the asset allocation. The asset allocation will consider the client's overall plan strategy. When appropriate, LCM will provide recommendations to change the asset allocation to remain consistent with the client's plan objectives.

LCM has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of fees paid to LCM under the advisory agreement.

All of our retirement plan consulting services, whether general or customized, will be outlined in an Agreement that shows the services that will be provided and the fees that will be charged for those services.

Wrap Fee Program

Our discretionary portfolio management services are offered solely through the LCM Private Asset Management Program. We do not offer discretionary portfolio management services outside of the Program or in a non-wrap capacity. Therefore, there are no differences in the portfolio management of client accounts. A portion of the wrap fee charged to clients is paid to Schwab or Fidelity for transaction costs.

Assets under Management

LCM has \$ 244,470,836 of assets under discretionary management and \$ 18,495,438 of assets under non-discretionary management as of January 31, 2021.

Item 5 - Fees and Compensation

Portfolio Management Services/Wrap Fee Program

Fees are negotiable at the sole discretion of LCM. Our fee for portfolio management services through the Program is based on a percentage of your assets we manage and is set forth in the following fee schedule:

Equity / Asset Allocation Strategy Portfolios*	
<u>Assets Under Management</u>	<u>Maximum Annual Fee</u>
\$25,000 to \$99,999	2.50%
\$100,000 to \$249,999	2.25%
\$250,000 to \$499,999	2.00%

\$500,000 to \$999,999	1.75%
\$1,000,000 and above	1.50%

Fixed Income Strategy Portfolios*	
Assets Under Management	Maximum Annual Fee
\$100,000 to \$499,999	1.50%
\$500,000 to \$999,999	1.00%
\$1,000,000 and above	0.75%

*Equity / Asset Allocation Strategy Portfolios are subject to a minimum size of \$25,000 and Fixed Income Strategy Portfolios are subject to a minimum size of \$100,000. **Portfolio minimums are negotiable at the sole discretion of LCM.** Please refer to *Appendix 1* to this Brochure, the Wrap Fee brochure for further information.

At our discretion, we may combine the account values of family members to meet the Portfolio minimums and/or lower fee brackets. Older client relationships may be subject to a different fee schedule and Portfolio minimum. Advisory fees are based upon the initial investment contribution total of all the accounts represented in a portfolio. Once the annual fee percentage has been established, the fee rate remains in effect for the life of the portfolio. In the event of a significant deposit or withdrawal from the portfolio, our fee can be adjusted accordingly to reflect a higher or lower fee bracket for the combined total of all accounts in the billed portfolio.

Our annual portfolio management fee for portfolio management services is billed and payable monthly in arrears based on the number of days in the month. For fee purposes, the account valuation will be based upon the last day of the preceding month.

For the first and last month for which you are a client, you will be billed on a pro rata basis, which means that the advisory fee is based on the number of days in the month during which you are a client.

Except for certain accounts which will be invoiced, we will deduct our advisory fee through the qualified custodian holding your funds and securities. We will deduct our fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements, including management fees, from your account. Because the custodian does not calculate the amount of the fee to be deducted, we encourage you to carefully review the account statements to verify the fee calculation and the consistency of the fee deducted with our agreement with you, among other things. If you find any inaccurate or inconsistent information, please call our main office number located on the cover page of this brochure. We will also have access to a duplicate copy of your account statements.

You may terminate the portfolio management agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client. A termination fee of \$750.00 per account will apply if the Investment Advisory Agreement is terminated within the first two years.

Advisory Services to Retirement and 529 Plans.

Our fee for non-discretionary 529 Plan services is based on a percentage of the market value of the assets under the advised Plan. The advisory fee is billed and payable monthly or quarterly in arrears based on the value of your account on the last day of the preceding month. The fee is determined as follows:

<u>Market Value</u>	<u>Maximum Annual Fee</u>
All assets	0.50%

If the agreement for services is commenced at any time other than the first day of a month, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client.

Upon termination of the agreement you will assume responsibility for choosing the funds or investments within the Plan. The advisory fee will be prorated for the month in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the month for which you are a client.

Pension Consulting – Retirement Plan Services

The compensation arrangement for these services will be negotiated on a case by case basis and the exact fee paid by the client will be clearly stated in the services agreement signed by the client and the firm. The compensation of LCM for the services it provides for Retirement Plan services is described in Schedule A of the Plan Agreement with LCM. The Plan Sponsor is obligated to pay the fees; however, the Plan Sponsor may elect to have the Plan pay them. LCM will either send invoices to the Plan and be paid by check or the recordkeeper will debit fees per the Plan Sponsor's instructions.

The services we provide to your Plan, and the corresponding compensation are described above, and in the service agreement that you have signed with our firm. We may, with consent of the Plan, and in accordance with Plan documents, bill out of pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

You may terminate the services agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. LCM does not charge a termination fee but there may be administrative or other fees charged by a third-party administrator.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in exchange traded funds or hold previously owned mutual funds; in certain exceptional market conditions, we may also buy or sell money market mutual funds in your portfolios if we believe it is in your interest. See Item 8-Methods of Analysis, Investment Strategies and Risk of Loss for more information. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a

management fee and other fund expenses. From time to time, your account may hold cash equivalents with respect to which the custodian or other provider may charge a fee. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, LCM, and others.

LCM will absorb all transaction costs related to its services under the Program. This includes commissions, if any, on equity trades, and ticket charges (except as described below), trade away fees and prime brokerage fees on fixed income trades, and account implementation fees. However, the broker-dealer or custodian may also charge your account for custodial fees, retirement account fees, trust fees, exchange fees, redemption fees that may be assessed on mutual fund shares, fees associated with cash equivalents, transfer fees, account termination fees or other special service fees and charges for which the client will be responsible. In addition, LCM does not pay those costs that are embedded in the price of the security such as mark-ups or mark-downs on the purchase or sale of fixed income instruments and does not cover margin interest. LCM does not share in any portion of these fees imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by broker-dealers, custodians, LCM, and others. Clients who do not participate in the Program will pay any and all applicable transaction and other costs. For information on our brokerage practices, please refer to item 12 "Brokerage Practices" section of this Disclosure Brochure.

In the event of "partial or full liquidations" at the request of the client, a liquidation transaction fee of \$20.00 per transaction can be charged for those positions closed or adjusted to generate the cash and/or transfer of assets requested by client. This fee may apply if client changes their investment criteria or risk profile significantly.

Compensation for the Sale of Other Investment Products

Associated Persons who provide investment advice on behalf of our firm may also be licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 - Types of Clients

We offer investment advisory services to individuals, high net worth individuals, pension and

profit-sharing plans, charitable organizations and corporations.

In general, we require a minimum of \$25,000 to open and maintain an Equity / Asset Allocation Strategy Portfolio and \$100,000 for a Fixed Income Strategy Portfolio. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

Our Methods of Analysis and Investment Strategies

Methods of Analysis

LCM primarily relies on a fundamental analysis in order to select portfolio securities, both equity and fixed income, and to determine whether particular securities should be held or sold. Our analysis focuses on the strength of the issuer. With respect to equities, LCM also considers sector and industry weightings of the company and whether it has the potential to be a long term holding versus other companies in a similar sector. LCM seeks to hold in its equity portfolios companies which hold a leading position in their sector. LCM will generally sell a holding if the equity no longer holds a leading position in its sector. The decision to add, remove or replace an equity security is based on the fundamentals of the security, for example, problems such as product failures or dividend cuts.

While cyclicalities can play a role in some security selections, the overall purpose is to invest in securities within a sector that we believe are most likely to maintain their leading position despite a downturn in their sector or the general economy and markets. Each of the principals of LCM has more than 33 years' experience; they apply this experience in making judgments from time to time regarding the individual securities included in the portfolio holdings. The LCM equity holdings are primarily derived from the S&P 500 and the EAFE International indices.

In addition to issuer fundamentals as described above, the selection of both equity and fixed income securities for client portfolios requires monitoring of, judgment related to, and a variety of factors including:

- Inflation
- Interest Rates
- Economy & Industry Sectors

The investment analysis process requires utilization of a variety of sources in order to provide the basis for objective and subjective informed judgments. These sources may include: government and Federal Reserve publications and reports, industry associations and publications, other Internet resources and seminars/webinars on economic, business and investment subjects.

Investment Strategies

Your portfolio will primarily consist of individual equity and fixed income securities. We may invest, or recommend that you invest, in exchange traded funds or hold previously owned mutual funds. In certain exceptional market conditions, we may also buy or sell money market mutual

funds in your portfolios if we believe it is in your interest however we expect such purchases to be limited. For example, from time to time, the rates paid on free cash balances in your portfolio may be higher in money market mutual funds than in other cash management options such as custodial sweep accounts; in such event, we may buy and sell such funds in your portfolio in order to increase the income in your portfolio.

LCM utilizes investment strategies that primarily employ asset allocation adapted to the needs of each client, based on risk tolerance and investment goals. Risk-based asset allocation provides a framework for determining an appropriate balance of risk and return over a long-term time horizon. Asset allocation is the relative mix of cash, fixed income, and equity securities suitable for a client's investment portfolio.

LCM utilizes one or more of the following investment strategies when implementing investment advice:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Generally, our investment strategies utilize long term purchases and low portfolio turnover and infrequently use short term purchases and trading.

We can rebalance portfolios in light of current market conditions and client needs. The investment advice provided along with the strategies suggested by LCM will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. You should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in relation to your experience, objectives, financial resources and other relevant circumstances.

General Investment Risk

Generally, while our investment strategy does not involve frequent trading, leverage, or short selling, there still exist material risks with any investment strategy. With fixed income investing the two principal factors of risk are maturity and default risk. We attempt to manage this risk by monitoring our holdings. Investing in equities presents risk of loss and we attempt to manage this risk with diversification, global asset allocation and rebalancing.

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security. For example, political, economic and social conditions may trigger

market events, including the possibility that the markets will go down sharply and unpredictably. Local, regional or global events such as war, acts of terrorism, social disorder, acts of God, the spread of infectious illness, pandemic or other public health issue, recessions, or other events could have a significant adverse impact on the prices of stocks and bonds.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with an industry or a company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a declining market value.
- **International Investment Risk:** Foreign securities may have special risks, in addition to those associated with any securities, such as trade tariffs, currency controls, exchange rate fluctuations, withholding taxes, political insecurity and instability which can result in losses.

Specific Strategies Risks

In regard to certain clients and their individual financial needs, LCM occasionally will use short selling as a strategy to manage aspects of their portfolio. This strategy is utilized with consent from the client. Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third-party lender (typically, a broker-dealer) with the obligation of buying identical assets later to return to the third-party lender. Individuals who engage in this activity will only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

At the request of the client, LCM uses margin in client accounts to manage liquidity needs and

the timing of purchases and sales, as appropriate and with prior approval from the client. In addition, when appropriate, LCM employs options strategies to hedge or gain additional exposure to a particular asset class or sector. Following are some of the risks associated with certain transactions:

- To the extent that a client authorizes the use of margin, and margin is thereafter employed by us in the management of the client's investment portfolio, the market value of your account and the corresponding fee payable by you to us will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to us. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.
- Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by LCM or our management persons.

Item 10 - Other Financial Industry Activities and Affiliations

Insurance Agency

John Nowicki and Gary Wozny, principals of LCM, are also licensed insurance agents, and in such capacity, may recommend, on a fully-disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that LCM or its advisory affiliates recommend the purchase of insurance products where the adviser or its advisory affiliates receive insurance commissions or other additional compensation. Clients may purchase these products through a different insurance agent.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices and to act at all times in a manner consistent with our fiduciary duty to our clients. Our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic

basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, the Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items. All supervised persons at LCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Our Code of Ethics is available to you upon request. You may obtain a copy by contacting us at (312) 705-3013 or jnowicki@lcmcapital.com.

Participation or Interest in Client Transactions

LCM has offered for sale and sold convertible bonds in its own company to some, but not all, of its advisory clients. The bonds have all matured, with some being converted to shares of ownership in LCM, while other bondholders chose a return of principal. The ownership in LCM represented by these shares is approximately 8% in total. This creates a conflict of interest in that LCM has an incentive to favor those clients that have purchased and received an equity position over those that do not have equity ownership in LCM. These conflicts are mitigated by the fiduciary duty LCM and its advisory representatives have to act in the client's interest, and by their commitment to follow LCM's Code of Ethics.

Personal Trading Practices

LCM and its Access Persons may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. This conflict is mitigated by the fiduciary duty LCM has to act in the client's best interest and by our policy. It is the policy of LCM that no Access Person may purchase or sell any security within the current investment universe of LCM's strategies without the prior written approval of the CCO. CCO trades for those same securities must be approved in writing by the CEO. We may combine our orders to transact in securities with your orders to transact in securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

Item 12 - Brokerage Practices

We maintain relationships with several broker-dealers. We recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Research and Other Benefits

We recommend that a client utilize the brokerage and custodial services of Charles Schwab & Co. Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC, or Fidelity Brokerage Services LLC ("Fidelity"), Member NYSE/SIPC. Schwab and Fidelity are independent and unaffiliated SEC-registered broker-dealers. Schwab and Fidelity offer services

to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware that the receipt of economic benefits by our firm is considered to create a conflict of interest.

Our participation in the following Schwab and Fidelity institutional platforms do not constitute a formal soft dollar agreement. However, we do receive economic benefits as a result of our participation as itemized below.

Schwab provides LCM with access to Schwab's institutional trading and custody services, which are typically not available to Schwab's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. Schwab Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For LCM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to LCM other products and services that benefit LCM but may not benefit its clients' accounts. These benefits may include national, regional or LCM specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of LCM by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist LCM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of LCM's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of LCM's accounts. Schwab also makes available to LCM other services intended to help LCM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to LCM by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to LCM. LCM is independently owned and operated and not affiliated with Schwab.

We receive substantially similar economic benefits as a result of our participation in the Fidelity Institutional platform.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Directed Brokerage

We routinely recommend that you direct our firm to execute transactions through Fidelity and/or Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisors require their clients to direct brokerage to a specific securities firm or brokerage platform.

LCM suggests that a client use Schwab or Fidelity's prime broker services. Under "prime broker" arrangements, a client has the ability to execute trades of certain assets at broker-dealers other than Schwab or Fidelity. We may, on a transaction-by-transaction basis, utilize Schwab or Fidelity's prime broker service to execute transactions.

LCM's fixed income investment strategies are provided through its Private Asset Management Program. LCM executes 'trades away' from the Program broker-dealer in fixed income transactions. Trades away means LCM executes trades with brokers that it selects rather than with the Program's custodial broker-dealer. We believe that trading away from the custodial broker-dealer assists us in achieving best execution. For fixed income transactions, LCM typically trades away in client accounts if we believe the market conditions to be favorable for trading away and also if the security is one which we believe trading away facilitates seeking best execution. LCM absorbs the trade away fees charged by Schwab and Fidelity as part of our Wrap Fee Program.

Generally, LCM does not accept client directed brokerage arrangements, but may from time to time. If clients are to custody away from or direct brokerage away from Schwab or Fidelity, that may limit LCM's ability to block trades and/or obtain best price and execution. Additionally, clients may incur transaction costs.

Cross Trades

LCM, at times, will effect a cross transaction for an advisory client, provided that we believe the transaction is consistent with its fiduciary duty to the client.

Additionally, LCM will only execute cross transactions among its advisory clients if we believe the transactions will benefit both clients and both clients have been duly notified and have given their approval. These transactions will be executed through an independent broker. For any unsolicited cross trades, the seller may incur a liquidation transaction fee as defined in the Investment Advisory Agreement.

Block Trades

LCM, where possible and when advantageous to clients, will combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Item 13 - Review of Accounts

John Nowicki and Gary Wozny, principals of LCM, oversee all investments and portfolio strategies. Portfolios are reviewed quarterly. The reviews ensure that the advisory services provided to you and the portfolio mix are consistent with your current investment needs and objectives. At least annually, we will notify you in writing to contact us or the representative if there have been changes in your financial situation or investment objectives. At least annually, you will also be contacted to discuss these issues. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with a quarterly report which shows gains and losses for the period. Additional reports such as bond analyses, asset allocation reports and other reports may be provided as determined by the requirements of the client. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s). LCM urges clients to compare carefully the reports provided by LCM and the account statements provided by the custodian for accuracy and completeness.

Item 14 - Client Referrals and Other Compensation

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services which they make available to us and other independent investment advisors that have their clients maintain accounts at Schwab and Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

As disclosed under the "Fees and Compensation" section in this Brochure, Associated Persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

We have entered into contractual arrangements with one or more Associated Persons of our firm, under which these individuals may receive compensation from our firm for the establishment of new client relationships. Associated Persons who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. Incentive based compensation paid to any such employee will be contingent upon you, as client, entering into an advisory agreement with our firm. You will not be charged additional fees based on this compensation arrangement. However, such a contractual arrangement creates a conflict of interest as the Associated Person will have a financial incentive to recommend our firm to you for advisory services. However, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

LCM has entered into a Client Benefit agreement with Charles Schwab & Co., Inc. ("Schwab") through its Advisor Services division. Under the provisions of the agreement, Schwab will pay third-party vendor invoices on behalf of LCM for products and services deemed eligible in the "Guidelines". The eligible services are listed under four general categories: Legal, Compliance, Technology & Research, and Marketing & Consulting. Invoices must be billed to LCM and submitted to Schwab by LCM.

LCM has entered into a Support Services agreement with Fidelity Brokerage Services, LLC ("Fidelity"). Fidelity through its Institutional Wealth Services division has agreed to pay for certain support services that are intended to support LCM in conducting its business. Fidelity will pay for transition related expenses up to a specified limit in connection with LCM's transition to Fidelity.

Item 15 - Custody

In arrangements where we are permitted and authorized to do so, we will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should compare our portfolio report with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your portfolio report or custodian's statement or if you did not receive a statement from your custodian, please contact us at the phone number listed on the cover of this brochure.

Third-Party Transfer Authority

LCM may be deemed under federal securities laws to have custody of select client funds or securities if you provide LCM with the authority to disburse funds to other parties designated by you through a Standing Letter or Authorization ("SLOA") or similar asset transfer authorization.

Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). However, we are not required to comply with the surprise examination requirement of the Custody Rule if we are otherwise in compliance with the seven representations noted in the February 21, 2017 no-action letter.

Where LCM acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, we will collaborate closely with our custodians to ensure that the representations would be able to be met.

Item 16 - Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) and the broker-dealer to be used for such transactions without obtaining your consent or approval prior to each transaction. You may limit this authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to item 4 "Advisory Business" section in this Brochure for more information on our discretionary management services.

Item 17 - Voting Client Securities

Proxy Voting

LCM as a matter of policy and as a fiduciary to our clients has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice include the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Our policy states, among other provisions, that clients may direct our voting by placing reasonable restrictions in writing. Generally, LCM will vote in favor of routine corporate housekeeping proposals (including the election of directors). About other proposals, LCM will consider management's opinion and proposals' effects on shareholder value.

In the event you wish to direct our firm on voting a particular proxy, you should contact John Nowicki at (312) 705-3013 and/or jnowicki@lcmcapital.com with your instruction.

LCM will identify any conflicts that exist between the interests of LCM and the client by reviewing the relationship of LCM with the issuer of each security to determine if LCM or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, John Nowicki will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation.

LCM will maintain a record of the voting resolution of any conflict of interest. An LCM advisory client may, at any time, request a copy of LCM's proxy voting policies and procedures and a record of how certain proxies were voted.

Item 18 - Financial Information

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. LCM does not have any adverse financial condition to report. LCM has not been the subject of a bankruptcy petition at any time. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Item 19 - Requirements for State-Registered Advisers

LCM Capital Management Inc. is an SEC-Registered Adviser; hence this requirement is not applicable.

Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards to guard your nonpublic personal information. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact John Nowicki at (312) 705-3013 and/or jnowicki@lcmcapital.com if you have any questions regarding this policy.