

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



*Lawson Kroeker Investment Management, Inc.*

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[www.lawsonkroeker.com](http://www.lawsonkroeker.com)

Dated February 25, 2021

This brochure provides information about the qualifications and business practices of Lawson Kroeker Investment Management, Inc. ('Lawson Kroeker'). If you have any questions about the contents of this brochure, please contact us at 402.392.2606 or [invest@lawsonkroeker.com](mailto:invest@lawsonkroeker.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. While Lawson Kroeker is a registered investment adviser with the SEC, this registration does not imply a certain level of skill or training.

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

## **Item 2           Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes. The last annual update of our Brochure was February 20, 2020.

We do not have material changes for our current Brochure, however, please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on February 25, 2021.

(Brochure Date: 02/25/2021)

(Date of most recent Annual Updating Amendment: 02/25/2021)

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

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#### **Item 4            Advisory Business**

Lawson Kroeker Investment Management, Inc. is a SEC-registered investment adviser located in Omaha, Nebraska. Lawson Kroeker commenced operations in 1986. Thomas J. Sudyka, Jr., President & CCO and Bruce H. Van Kooten, Vice President, are the firm's principal owners.

##### **Investment Supervisory Services** **Individual Portfolio Management**

Lawson Kroeker provides investment supervisory services through the individual portfolio management of client accounts. This service is offered on a fully discretionary basis. As of December 31, 2020, Lawson Kroeker is actively managing \$377,278,276 of clients' assets on a discretionary basis.

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

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

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

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

##### **Mutual Fund**

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

##### **Sub-Advisory Services**

Lawson Kroeker participates in a separately managed account dual contract program by providing portfolio management services in connection with a certain program sponsored by an unaffiliated third-party. In the dual contract programs, clients typically sign separate agreements with the program sponsor and Lawson Kroeker. Clients will delegate investment discretion directly to Lawson Kroeker, who will charge the client a separate fee for its investment management services. The client generally will pay Lawson Kroeker its fee directly. Lawson Kroeker's fee will be in addition to any fee that the client pays to the sponsor and does not include the cost of custody and trade and execution services (including commissions) generated by the client's participation in the program. For more information about this sub-advisory program, including fees and other terms and conditions of investment, please consult the sponsor's disclosure brochure.

## **Item 5            Fees and Compensation**

### **Individual Portfolio Management**

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

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

This fee schedule may be based on cumulative household assets under management. However, certain ERISA rules prevent householding corporate retirement plans with personal assets for fee reductions. This management fee is assessed at the end of each calendar quarter based on the then current fair market value of the securities and cash account. A negotiated fee will be considered for those accounts with restricted investment focus or special circumstances. In selected instances, client assets may be invested in mutual funds. In such instances, the client pays the management fee charged by Lawson Kroeker as well as the management fee charged by the mutual fund.

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

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Generally, Lawson Kroeker will utilize the quarter-end value for the initial fee calculation, however, the firm may waive the initial quarter's fee until the portfolio is fully invested. The investment management agreement may be terminated at any time, by either party, without penalty.

Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Separately managed strategies, mutual funds, and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Lawson Kroeker's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Lawson Kroeker shall not receive any portion of these commissions, fees, or costs. For clients that choose US Bank as its qualified custodian, Lawson Kroeker will absorb the cost of the custody fee on behalf of its clients. Clients should note that similar advisory services may be available from other registered investment advisers for similar or lower fees.

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

## **Mutual Fund**

For the services provided to the LK Balanced Fund, we are compensated 0.75% per annum, based on the market value of the assets under management determined by the Fund administrator. If clients maintain a position in the Fund within their individual portfolio account, those assets will be excluded for purposes of the portfolio asset management fee.

## **Sub-Advisory Services**

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

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

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

Lawson Kroeker manages multiple client accounts and the Fund, therefore has implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of its client accounts, including accounts with different fee arrangements to prevent this conflict from influencing the allocation of investment opportunities among clients.

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

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

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

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

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

Given our philosophy, we attempt to purchase securities as an owner, not an investor. By this we simply mean we prefer to purchase good businesses—those that have a competitive advantage, strong management,

operate in growing markets, and have an expanding free cash flow. Rather than focusing on generic financial characteristics such as price/earnings or price/book ratios and applying this same valuation method to all companies, we prefer to tailor the valuation method to determine a company's estimated value.

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

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

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

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

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

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

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

**Equity Securities Risk:** Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A portfolios' principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

**Fixed-Income Securities Risk:** Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

**Foreign Securities Risk:** The risks of foreign securities include loss of value as a result of: political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and foreign exchange restrictions; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies). Certain of these risks are greater for investments in emerging markets.

## **Item 9                    Disciplinary Information**

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

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

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

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

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

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

It is the firm's policy that it will not effect any principal securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. In very limited circumstances, Lawson Kroeker may cross a trade between client portfolios when consistent with its duty of best execution. In all circumstances, the trade will be effected through the broker-dealer on the clients' account and consistent with regulatory requirements. An agency cross transaction is defined as a transaction where a person acts as an 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.

## **Item 12            Brokerage Practices**

Selection of broker-dealers for securities transactions is based upon Lawson Kroeker's ability to obtain the most favorable execution available—except to the extent that we are permitted to pay higher brokerage commissions for brokerage and research services as described below. In determining the most favorable price and execution, we will consider all factors we deem relevant to the interest of our clients. For example: the price, the size of the transaction, the nature of the market for the security, the amount of commission, and the timing of the transaction taking into account market prices and trends. Also, the reputation, experience, and financial stability of the broker-dealer involved and the quality of service rendered by the broker-dealer in other transactions is considered. Subject to these considerations, we may also place orders for the purchase and sale of securities on behalf of clients with broker-dealers who have provided statistical research or other financial information and services to Lawson Kroeker. The receipt of this information will not reduce Lawson Kroeker's normal research activities in providing investment advice to its clients under advisory agreements.

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

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions is subjective, and based to a large degree on the professional opinions of the portfolio managers of Lawson Kroeker. These determinations are formed on the basis of, among other things, the experience of the individuals in the securities industry, the quantitative evaluation of the brokerage firm utilized and information available concerning the level of commissions being paid by other investors of comparable size and type.

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

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

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

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

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

### **Item 13            Review of Accounts**

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

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

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

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

#### **Item 15            Custody**

Independent qualified custodians hold and maintain a client's investment assets; Lawson Kroeker does not provide this service. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. These reports will include a list of assets in the account, purchases and sales for the account, and income and expenditures of the account. In addition, Lawson Kroeker will deliver to clients, on a quarterly basis, a portfolio appraisal which details the securities held in their account and the market value of each holding as well as an aggregate market value of the portfolio. We urge clients to carefully review the official custodial records to the account statements that we provide. Our statements may vary from custodial statements based on valuation methodologies of certain securities, accounting procedures, or reporting dates.

#### **Item 16            Investment Discretion**

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

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

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

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

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

*Conflicts of Interest:* There may be instances where the interests of Lawson Kroeker may conflict or appear to conflict with the interests of its clients. For example, Lawson Kroeker may manage a pension plan of a company whose management is soliciting proxies and there may be a concern that Lawson Kroeker would

vote in favor of management because of its relationship with the company. In such situations Lawson Kroeker will, consistent with its duty of care and duty of loyalty, vote the securities in accordance with its pre-determined voting policy, the *Wall Street Rule*, but only after disclosing the conflict to clients and affording the clients the opportunity to direct Lawson Kroeker in the voting of such securities.

*Recordkeeping:* Lawson Kroeker will maintain the following required records with respect to proxy voting:

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

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

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

## **Item 18            Financial Information**

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