

**Item 1 – Cover Page**



**FIRM BROCHURE**

**Lyon Capital Management, LLC**

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January 28, 2021

This Brochure provides information about the qualifications and business practices of Lyon Capital Management, LLC ("the Firm"). If you have any questions about the contents of this Brochure, please contact us at tel: 585-248-9821 or via email at [kate@lyoncapital.com](mailto:kate@lyoncapital.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.

Lyon Capital Management, LLC is registered as an investment adviser with the United States Securities and Exchange Commission (the, "Commission") under the Investment Advisers Act of 1940, as amended (the, "Advisers Act"). Registration does not imply a certain level of skill or training.

Additional information about Lyon Capital Management, LLC is available on the Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This version of the Firm Brochure (Form ADV Part 2A) dated January 28, 2021, is an annual update of material changes to Lyon Capital Management, LLC's operations and business practices. The following are the material changes since the last filing on January 23, 2020:

### **Advisory Services (Item4)**

#### *Assets under Management*

The Firm's assets under management figure has been updated. As of December 31, 2020, the Firm's assets under management were \$67,617,524. Of this total, \$65,647,936 was managed on a discretionary basis and \$1,969,588 was managed on a non-discretionary basis.

### **General Revisions**

The Firm has revised some language and content herein to ensure that its disclosures are clear and concise.

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You may request a full copy of the Firm Brochure by contacting Kate M. Lyon, CFP®, Chief Compliance Officer via telephone at 585-248-9821, or via email at [kate@lyoncapital.com](mailto:kate@lyoncapital.com).

Additional information about the Firm is also available via the Commission's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Commission's web site also provides information about any persons affiliated with the Firm who are registered or are required to be registered as investment adviser representatives of Lyon Capital Management, LLC.

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## Item 4 – Advisory Business

### *About Our Business*

Lyon Capital Management, LLC (hereafter also known as “the Firm”) was established in 1994 by its principal owner, Douglass C. Lyon, CFA®.

### *Investment Management Services*

The Firm provides portfolio management services to individuals, trusts, retirement plans, and small businesses.

Lyon Capital Management, LLC’s services are tailored to each client’s needs. Each client engagement involves the execution of an investment advisory contract. The portfolio management process begins with an evaluation of the specific investment needs of the client based on, but not limited to, these factors: the client’s tolerance for risk, investment time horizon, cash flow needs, tax considerations, and such reasonable restrictions as a client may wish to impose on the management of the account. Following an evaluation of each client’s specific needs, an investment plan is formulated, an asset allocation strategy is developed, and the investment portfolio is structured.

Most of the Firm’s clients engage the firm to manage their investment portfolios on a discretionary basis, which involves the execution of a contract with the Firm and the execution of an account application and/or a limited power of attorney with the client’s custodian, pursuant to which the Firm will select investments it deems most appropriate for a client’s situation. Client portfolios may include the following types of investments: common stocks, preferred stocks, municipal bonds, corporate bonds, publicly-traded real estate investment trusts, U.S. Treasury securities, U.S. Agency securities, mutual funds, exchange-traded funds, certificates of deposits, index-linked securities, and cash equivalents. The securities purchased are generally traded on major U.S. exchanges.

The Firm monitors securities portfolios continuously and rebalances portfolios when, in the opinion of the portfolio manager, adjustments are warranted as a result of changing economic or market conditions or other relevant factors, including a change in the client’s circumstances.

Client assets are held by qualified account custodians that are registered broker-dealers. The Firm places account trades through these brokerage firms and, from time to time, with other brokers. Clients have full access to and control over their accounts at all times.

Lyon Capital Management, LLC also employs a CFP professional. As a result, the Firm’s portfolio management services incorporate some limited aspects of financial planning; however, the Firm does not prepare financial plans. The Firm’s financial planning services are generally incidental and only offered to existing clients. Upon a client’s request, the Firm will prepare a high-level summary report that explains the impact of a client’s anticipated course of action (e.g., retirement withdrawals, withdrawal for a down payment on a new home, college tuition payments, car purchase, debt reduction, or receipt of a recent inheritance, etc.) on his/her portfolio. There are no separate or additional fees assessed to prepare such reports.

### *Wrap Fee Programs*

The Firm does not participate in wrap fee programs.

### *Assets Under Management*

As of December 31, 2020, the Firm’s assets under management were \$67,617,524. Of this total, \$65,647,936 was managed on a discretionary basis and \$1,969,588 was managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

### *Fees for Investment Management Services*

The annual investment advisory fee is calculated as a percent of assets in accordance with the fee schedule set forth below:

#### *Lyon Capital Management, LLC Fee Schedule*

1.00% on the first \$1,000,000 under management

0.75% on the next \$4,000,000 under management

0.50 of 1% on any amount over \$5,000,000

Sample Fee Calculation:  
Investments of \$1,500,000  
\$1,000,000 @ 1.00%  
\$500,000 @ .75%  
Quarterly Fee of \$3,437.50 or Annual Fee of \$13,750  
(effective annual blended rate of .92%)

Investment management fees are negotiable. The Firm may amend the fee schedule with thirty (30) days' notice to the client.

### *Billing Procedures*

Investment management fees are paid to the Firm quarterly, in advance, based on the value of the assets, including accrued interest, on the last business day of the previous quarter. The Firm groups accounts held by members of the same household together for advisory fee calculation purposes.

Clients generally provide written authorization for the Firm to deduct investment management fees directly from their account(s). This authorization is incorporated in the Firm's advisory contract for investment management services. Clients also have the option to remit payment by check directly to the Firm rather than have fees deducted from their account(s).

The Firm uses a portfolio valuation method that is applied to all accounts for fee calculation purposes. We use a single pricing service (Charles Schwab & Company) to value portfolios. We also use the trade date (as opposed to the settlement date) to value portfolio assets. We include accrued interest in the value of fixed-income securities. We maintain a Fair Valuation Policy for securities that we cannot value using the methods described above.

### *Other Fees and Expenses*

The Firm's investment management fees are exclusive of brokerage commissions, transaction fees, and mutual-fund fees. Clients will incur certain additional charges imposed by the account custodian, broker-dealer, and other third parties. These charges may include but are not limited to trade-away fees (see Item 12 – Brokerage Practices), custodial fees, wire transfer, and electronic fund fees, mailing fees, insufficient funds fees and other fees and taxes on brokerage accounts and securities transactions that may be levied by the Securities and Exchange Commission or other regulatory or government entities. Clients who own mutual funds and exchange-traded funds are assessed fund management fees by the fund company. These fees are disclosed in each fund company's prospectus. Clients are urged to review the fund's prospectus. A full description of the most recent fees and expenses charged by the account custodian, broker-dealer, and other third parties is available to clients upon request.

The Firm charges a reduced fee (.5% of assets) for portfolio supervisory services that do not include active management of a portfolio's assets.

### *Termination Procedures & Refund Policy*

As outlined in the Firm's advisory contract for portfolio management services, Clients may terminate the contract at any time by providing thirty (30) days' advance written notice to the Firm. Clients may also communicate a termination notice to the Firm by phone or in-person. Upon receipt of a termination request, the Firm will assess investment management fees pro-rata to the date of termination, and any unearned portion of prepaid investment management fees (based on the number of days remaining in the quarter) will be refunded. The Firm mails advisory fee refund checks to the client's address of record.

### *Other Compensation*

The Firm does not earn compensation for the sale of securities or other investment products. The employees (supervised persons) of the Firm are not registered in any investment sales capacity.

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

The Firm does not charge performance-based fees (fees based on shares of capital gains). Additionally, side-by-side management is not applicable to the Firm's business model.

## **Item 7 – Types of Clients**

The Firm provides investment management services to individuals, high-net-worth individuals, corporate retirement savings plans, corporate accounts, trusts, and estates.

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

This section of the Brochure describes the methods of analysis and investment strategies utilized in formulating investment advice and managing client portfolios, and the material risks involved.

### *Methods of Analysis*

The Firm uses both fundamental analysis and technical analysis in connection with its selection of portfolio securities. The Firm makes long-term purchases (securities held at least a year) and short-term purchases (securities held less than a year). The Firm does not engage in day-trading (a practice where securities are bought and sold quickly, sometimes on the same day). The Firm does not execute short sales. Transactions on margin are only executed when specifically directed by the client. The Firm does not participate in options writing (either covered or uncovered), nor does it use spreading strategies or derivatives.

The investment strategy can be described as “value-contrarian.” The Firm strives to invest in a diverse group of companies and securities it believes are out-of-favor and undervalued. The Firm invests in U.S. exchange-listed securities and securities traded over the counter. These include equity securities, United States government securities, corporate debt securities, certificates of deposit, municipal bond securities, mutual-fund shares, shares of exchange-traded-funds, preferred securities, publicly-traded real estate investment trusts, and securities of foreign issuers that are traded on major U.S. exchanges.

### *Investment Strategy*

The Firm builds balanced and diversified portfolios. Unless directed specifically by a client, we invest in multiple asset classes and various securities within those asset classes. We evaluate the companies and entities that issue the securities by analyzing their public disclosures, their financial statements, their projections for future growth, their management teams, their business characteristics, their industry characteristics, and the economic environment in which they operate.

The investment process generally begins with the development of broad goals for each client. This process involves evaluating the client’s specific financial and investment needs, based on but not limited to the following factors: the client’s tolerance for risk, their investment time horizon, cash flow needs, and tax considerations. Once a client’s needs are evaluated, the investment objectives and structure of the investment portfolio are formulated.

The goal of structuring each investment portfolio is to utilize an investment strategy that seeks to achieve the client’s goals at an acceptable level of risk. The Firm attempts to construct investment portfolios that provide favorable risk/reward characteristics based on each client’s financial objectives, investment time horizon, risk tolerance, and other relevant criteria. Asset allocation is a primary factor that can determine the risk/reward profile and overall portfolio performance.

The investment strategy generally features reducing downside risk. However, the emphasis on reducing downside risk may have the effect of limiting upside potential in strong markets. The investment process also takes into account such reasonable restrictions as a client may wish to impose on the management of their portfolio.

### *Risk of Loss*

Investing in securities involves a risk of loss that clients should be prepared to bear. These risks include, but are not limited to:

**General Market Risks.** Markets can go up or down on news releases or for no explicable reason. This means the price of individual securities can go up or down without any apparent reason, and they may take time to recover lost value. These general market risks can affect a client’s account(s) or portfolio holdings. To mitigate this risk, the Firm develops diversified portfolios of securities. This assists in minimizing the effects of market fluctuations.

**Asset Allocation Risk.** Investments are subject to asset allocation risk. Investments allocated between cash, fixed income, and equity securities may have a significant effect on returns when one of these asset classes is performing poorly relative to the others. To help mitigate this risk, we assess a client’s risk tolerance, evaluate the past performance of asset classes, determine the client’s investment time horizon, and agree upon an asset allocation with and for the client.

**Interest Rate Risk.** Fixed Income investments are subject to interest rate risk, which is the risk that the value of a security will decline because of a change in interest rates. To help mitigate this risk, the Firm develops a portfolio of fixed income securities with varying maturities.

**Credit Risk.** Fixed Income investments are subject to credit risk. An issuer's credit quality depends on its ability to pay interest and repay its debt and other obligations. There is also the risk that credit agencies who assign ratings to certain securities may incorrectly evaluate the risk of default. To help mitigate these risks, the Firm develops a diversified portfolio of securities that includes the securities of multiple issuers.

**Inflation Risk.** Inflation imposes a risk that the value of assets or income from investments will be worth less in the future. To minimize this risk, the Firm often adds U.S. Treasury Inflation Protected Securities (T.I.P.S.) to a tax-exempt portfolio. We also add other securities that are considered inflation hedges in taxable portfolios.

**ETF Risks.** There are risks associated with investing in exchange-traded funds (ETFs). ETFs are registered investment companies whose shares represent an interest in a portfolio of securities. ETFs often, but not always, track an underlying benchmark or index. An ETF designed to track an underlying benchmark or index may or may not hold all securities in the underlying benchmark or index. ETFs are also subject to price variations. ETFs trade throughout the day, and market prices are generally at or near the most recent net asset value (NAV). However, certain market inefficiencies may cause the shares to trade at a premium or discount to the stated NAV. For example, a high volume of market sales may cause ETFs to trade below the underlying NAV.

Moreover, as with any security, there is no guarantee that an active secondary market for such ETF shares will continue to exist. Also, the redemption of ETFs can be limited. Only an authorized participant (generally broker-dealers that act as liquidity providers) may engage in the creation or redemption transactions of an ETF. Furthermore, ETFs typically have a limited number of broker-dealers that may act as authorized participants. To the extent that authorized participants exit the business or are unable to proceed with creation or redemption orders and no other authorized participant can step forward, the liquidity of an ETF can be impacted, and the ETF could face trading halts or delisting.

**Manager Risk.** The performance of clients' accounts and portfolio assets in those accounts depends on the skill and expertise of the Firm's personnel to make appropriate investment decisions. The success of clients' accounts also depends on the Firm's ability to develop and implement investment strategies and apply investment techniques and risk analyses to achieve the stated investment objectives.

## **Item 9 – Disciplinary Information**

Neither the Firm nor its management has been involved in legal or disciplinary events related to any advisory business.

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

### *Financial Industry Activities*

The Firm is not a registered broker-dealer, and we do not have an application pending for registration as a broker-dealer. Additionally, neither a member of the Firm's management nor its investment advisor representatives are registered as or have applications pending to register as registered representatives (i.e., securities salespersons).

### *Financial Industry Affiliations*

Neither the Firm's management nor investment advisor representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, nor do they have applications pending to register as the foregoing or associated persons thereof.

### *Other Affiliations*

Lyon Capital Management, LLC does not have a subsidiary entity or any other business under common ownership with the Firm. Moreover, the Firm does not have any arrangements with a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company, or "hedge fund," and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, sponsor or syndicator of limited partnerships not already disclosed herein.

## **Item 11 – Code of Ethics**

The Firm has adopted a Code of Ethics for all employees. It describes the high standard of business conduct and fiduciary duty to clients. It includes provisions related to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.



A copy of the Firm's Code of Ethics is available, upon request, to any client or prospective client by contacting the Chief Compliance Officer, Kate M. Lyon CFP® at tel: 585-248-9821 or by sending an email to [kate@lyoncapital.com](mailto:kate@lyoncapital.com).

The Firm believes that personally owning the same securities clients own demonstrates faith in its investment style and abilities. Often securities owned by clients are also owned by the employees of the Firm. There may be times when employee trades are included in a block transaction. Item 12, Trade Aggregation, provides details regarding block transactions.

The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of the Firm do not interfere with making decisions in the best interest of clients and implementing such decisions while, at the same time, allowing employees to invest for their accounts. Employee trading is reviewed quarterly under the requirements of the Code of Ethics to prevent actual or perceived conflicts of interest between Lyon Capital Management, LLC, and its clients.

## **Item 12 – Brokerage Practices**

The Firm maintains a custodial services agreement with Charles Schwab & Co., Inc. (hereinafter, "Schwab"). Schwab is a registered broker-dealer and a member of FINRA and SIPC. We are participants of Schwab's institutional services platform for independent investment advisors (known as Schwab Advisor Services or Schwab Institutional). Schwab provides brokerage, operational support, and other custodial services to the Firm.

As a result of the established service agreement, operational support, and custodial services provided, Schwab receives preferential status in the recommendation of custodians to clients for advisory transactions. Schwab maintains custody of a majority of the Firm's client assets.

In limited circumstances, the Firm uses alternative broker-dealers to place trades. Alternative broker-dealers are used when a security the Firm wishes to buy or sell is not available from Schwab or is not available at a competitive price. Charles Schwab and Company is not affiliated with Lyon Capital Management, LLC. Lyon Capital Management, LLC, is independently owned and operated. Schwab provides the Firm with access to institutional trading and custody services, typically not available to retail clients.

Schwab services are not otherwise contingent upon the Firm committing any specific amount of business to Schwab. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional clients or that would require a significantly higher minimum initial investment or fee for clients.

Schwab does not charge the Firm for custody but is compensated by clients of the Firm through transaction-related fees for trades executed through Schwab or that settle into client accounts.

Schwab makes available to the Firm products and services that benefit clients but may not be of benefit to all clients. These products and services assist in the management and administration of client accounts and include software and technology that provide access to client account data, facilitate trade execution, provide research, pricing information, market data, facilitate payment of management fees and assist with back-office functions such as record keeping and reporting.

While the Firm endeavors to act in clients' best interests, the Firm's recommendation that clients maintain their assets in accounts with Schwab is based in part on the benefit of the availability of the products and services mentioned here and not solely on the nature or cost of brokerage services provided by Schwab. Some of these products and services benefit all clients. For example, research obtained from Schwab or any other broker-dealer is used for all client accounts.

To manage any conflict of interest presented by recommending Schwab as a custodian in exchange for the beneficial business services provided and described here, the Firm discloses its relationship with Schwab verbally with clients and in this Brochure. This Brochure is provided to all new clients, and a summary of material changes to this Brochure is delivered to existing clients annually. The Firm permits clients to use an alternative custodian and/or broker-dealer, and some clients take advantage of this option.

The Firm does not receive any other compensation directly or indirectly from any other investment advisors or broker-dealers for services provided to clients.

Clients are encouraged to utilize the services of a custodian and broker who will hold assets and execute transactions on terms that are most advantageous when compared to other available providers and their services. The Firm considers a wide range of factors, including but not limited to, the following:



- Efficient execution of transactions
- Accurate record keeping
- Attention to a client's needs
- Size and reputation
- Asset custody services
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth and scope of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and related tools that may assist in making investment decisions such as independent research reports or webinars.
- Quality of services
- Competitiveness of the price of services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate prices
- Availability of other products and services that benefit the Firm or its clients, as discussed below

### *Research and Other Soft Dollar Benefits*

A soft dollar transaction is one in which an investment advisor receives research or other products or services, other than trade execution, from a broker-dealer or a third party in connection with client securities transactions.

The Firm has an incentive to select or recommend Charles Schwab & Company (Schwab) as a custodian and broker for most clients' assets. This is based in part on an interest in receiving the research, products, and services that Schwab offers and not solely on the client's interest in receiving the most favorable trade execution.

However, the Firm has determined that having Schwab execute most client trades is consistent with the duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### *Services That Benefit Clients*

Schwab's institutional brokerage services include custody of client assets, access to a broad range of investment products, the ability to execute securities transactions, and record-keeping and tax reporting services. The investment products available through Schwab include some the Firm might not otherwise have access to, or that would require a significantly higher minimum initial investment by clients if purchased outside of Schwab. The Firm believes the services provided by Schwab benefit clients and client accounts.

### *Services That May Not Directly Benefit Clients*

Schwab also makes available to the Firm other products and services that benefit the Firm and only indirectly benefit clients. These products and services assist the Firm in the management and administration of client accounts. The products include both proprietary and third-party investment research. The Firm uses this research to service all or a substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account information
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts
- Provides pricing and other market data
- Facilitates payment of management fees
- Assists with back-office functions, recordkeeping, and client reporting

### *Services That Generally Benefit Only the Firm*

Schwab also offers services intended to help the Firm manage and develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

### *The Firm's Interest in Schwab's Services*

The availability of these services from Schwab benefits the Firm because it does not have to purchase them. The Firm does not have to compensate Schwab for the various products and services Schwab makes available to the Firm.

There is a potential conflict of interest between the Firm's interest in receiving these products and services and a client's interest in receiving the best value in custody.

### *Brokerage for Client Referrals*

The Firm does not recommend any broker-dealer to clients based on an interest in receiving client referrals, nor does the Firm participate in any referral program with any brokerage firm.

### *Directed Brokerage*

The Firm recommends that clients utilize Charles Schwab & Company for custody of assets and execution of portfolio transactions. The Firm's financial incentive to recommend Schwab for these purposes is described in Item 12, Brokerage Practices.

Clients also have the option to direct the Firm to use an account custodian or brokerage firm other than Schwab. At the inception of the client relationship and periodically thereafter, the Firm notifies clients who elect to direct brokerage and that directed brokerage arrangements generally limit the Firm's ability to achieve best execution, to negotiate transaction costs, to participate in block trades, and to take advantage of the benefits provided by Schwab.

Clients and prospective clients also should be aware that trades for clients who direct their brokerage to a firm other than Schwab are completed after transactions are placed in accounts held with Schwab. Since clients that direct their brokerage do not receive the benefits of aggregate or block trading, this will likely result in clients paying or receiving different trade execution prices for the same security.

From time to time, the Firm will utilize the services of other broker-dealers for trade execution to buy or sell a security that is not available through Schwab or is not available at a competitive price. This type of transaction is called a "trade-away". Schwab assesses a fee of \$25 for each trade-away transaction, and this fee is in addition to Schwab's standard transaction costs.

### *Transaction Fees*

The Firm has a limited ability to negotiate transaction fees with Schwab. Schwab has a standard transaction fee schedule. If a client directs the Firm to use another broker-dealer for trades, the client is advised that there are likely to be increased costs associated with such an arrangement.

### *Trade Aggregation*

Whenever practical and consistent with the Firm's duty to seek best execution, the Firm will aggregate the purchase or sale of securities for client accounts. This type of aggregation is called "block trading". Block trading (placing multiple trades for multiple clients as a group at the same time) occurs when the Firm has made a decision to buy or sell a security for multiple client accounts. Aggregation often allows the Firm to complete trades at the same or average share price rather than different prices for the same security. The Firm does not receive any additional compensation or remuneration as a result of aggregating trades.

Depending on the security transaction, the Firm may include transactions for employees of the Firm in block transactions with client trades. The practice of including employee trades with client transactions creates conflicts of interest because the Firm has an incentive to favor personal accounts. Nonetheless, as mentioned in Item 13, Code of Ethics, no employee of the Firm shall prefer his or her account or an account of beneficial interest to that of any advisory client. Additionally, the Firm requires all employees to act in accordance with applicable federal and state regulations governing advisory practices. More importantly, the Firm will not aggregate transactions unless aggregation is consistent with the duty to seek best execution (which includes the obligation to seek the best price) for clients, and aggregation is consistent with the terms of the investment advisory contract.

Prior to aggregating trades, the Firm prepares a written allocation statement specifying the participating accounts in each aggregated order and the anticipated allocation among the accounts if the order is filled in its entirety. If the order is filled partially, allocations will be made in accordance with the best interest of each client, and the Firm will document such allocation decisions.

Each account participating in a block trade will pay or receive the average market price for all shares included in the block transactions for such securities on that day to include applicable transaction costs. Currently (as of the date of this Firm Brochure), there are no transaction costs for equity trades placed electronically through Schwab.

Any change to an allocation statement must ensure the fair and equitable treatment of all accounts and must be explained in writing and approved by the Chief Compliance Officer in a timely manner. Timely approval is generally no later than one hour after the opening of the markets on the trading day after the day the order was executed.

The Firm reviews its trading reports to uncover trades that create actual or perceived conflicts of interest. To mitigate conflicts of interest related to including personal security transactions in block trades, the Firm requires adherence to its Code of Ethics, which requires regular review of employee transactions and its trading policy, which is reviewed no less than annually to ensure effectiveness.

### **Item 13 – Review of Accounts**

The Firm has two account reviewers. The primary reviewer is Douglass C. Lyon, CFA®, President and the secondary reviewer is Kathleen M. Lyon, CFP®, Chief Compliance Officer.

Client accounts are monitored continually by the President as part of his day-to-day activities. Clients receive quarterly account statements and semi-annual performance statements, all of which are verified for accuracy by the President and Chief Compliance Officer before delivery.

The Firm receives daily downloads of client transactions from its primary custodian, Charles Schwab & Company. The President monitors and reconciles all downloaded transactions. The Chief Compliance Officer conducts a semi-annual review of account asset allocation percentages. Any allocations outside of a tolerance range are researched and adjusted if necessary.

Account reviews are also triggered by news that significantly affects the value of a holding, the call or redemption of a holding, or notification by a client of changed financial circumstances. Any material changes to portfolios are acted upon as they are identified.

The Firm attempts to meet with clients on an annual basis. These meetings occur more or less frequently, depending on the client's preference. The Firm has frequent interactions with clients throughout the year; therefore, these meetings are optional. Additionally, changes in a client's financial circumstances noted during regular conversations or annual meetings will trigger an immediate review of the client's accounts. Nonetheless, in any instance where there has been no client interaction throughout the year, the Firm sends an inquiry to the client regarding changes in the client's financial circumstances and goals.

All clients receive monthly account statements of their assets and activities from their account custodian either by mail or accessed electronically. The Firm also provides twice-yearly reports that include a statement of account assets and a statement of performance. On a yearly basis, the Firm provides clients with a statement of account assets, performance, fees, and expenses. The Firm provides clients with any other reports as needed or requested.

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

Lyon Capital Management, LLC does not receive any economic benefit from referrals or any person or group for providing advisory services to its clients. Lyon Capital Management, LLC does not directly or indirectly compensate any person or group for client referrals.

### **Item 15 – Custody**

Lyon Capital Management, LLC does not hold physical custody of client funds or securities. The Firm requires that qualified custodians hold client assets. For more information regarding the account custodian or broker-dealer that services clients' accounts, please review the Brokerage Practices section (Item 12).

The Firm has indirect custody of client funds and securities because of its authorization and ability to deduct advisory fees directly from clients' accounts. The Firm also has indirect custody as a result of utilizing asset movement authorizations to process a client's requests for account disbursements (e.g., checks, journals, wire requests, etc.). Nonetheless, in all instances of indirect custody, the Firm has implemented regulatory safeguard requirements of SEC Rule 206(4)-2 by ensuring the safekeeping of clients' funds and securities by a qualified custodian and implementing

the account custodian's internal controls for disbursements.

Clients will receive, at least quarterly, and in most cases monthly, statements from the broker-dealer, bank, or another qualified custodian that holds and maintains the client's investment assets. Clients are urged to carefully review and compare statements from their account custodian and the Firm.

The Firm reports accrued interest for certain fixed-income securities. Accrued interest is income a client has earned but not yet received. As a result of reporting accrued interest, the current value of an account shown on the Firm's statement to a client may be higher than the current account value shown on the custodian's statement. The Firm's performance statements may also vary from custodian statements because of a difference in accounting procedures, reporting dates, or valuation and pricing methodologies for certain securities.

## **Item 16 – Investment Discretion**

Lyon Capital Management, LLC receives discretionary authority from clients at the beginning of an advisory relationship to select the type and amount of securities to be bought or sold. This authority is granted upon the execution of the Firm's investment advisory contract. In all cases, such discretion is exercised in a manner consistent with agreed-upon investment objectives for the account. When selecting securities and determining the amounts of securities to be bought or sold, Lyon Capital Management, LLC, adheres to the client's investment goals, limitations, and restrictions.

Discretionary authority to execute transactions in client accounts is assigned when a client opens an account with the custodian. In order to execute trades in a client account, the custodian requires the client to give Lyon Capital Management, LLC, a limited power of attorney to act on the client's behalf. This limited power of attorney is executed with the custodian so that Lyon Capital Management, LLC may buy and sell securities in the account, deduct investment management fees from the account and request the distribution of client assets directly to the client. A client may elect not to have fees deducted directly from their account and may remit payment for investment management fees to the Firm directly. The client also has the option not to give Lyon Capital Management, LLC the ability to request distributions on their behalf.

In some limited cases, where a client has a retirement account through their employer held with a custodian of the employer's choice, the client will grant Lyon Capital Management, LLC access to their account to make transactions. This authority is granted in the investment advisory contract signed by the client and Lyon Capital Management, LLC, at the beginning of the advisory relationship. Lyon Capital Management, LLC is limited to buying and selling securities in these accounts. The Firm cannot deduct investment management fees from such accounts, and the Firm cannot request a distribution of client assets to a third party from such accounts.

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

Upon signing the investment advisory contract, clients have the option to delegate proxy voting authority to Lyon Capital Management, LLC. The Firm maintains a proxy voting policy and gives a copy of the policy to every new client. A copy of the proxy voting policy is also offered to all clients on an annual basis. Clients may obtain information about any proxy voted on their behalf at any time by contacting the Chief Compliance Officer, Kate Lyon, CFP®, at tel: 585-248-9821 or via email at [kate@lyoncapital.com](mailto:kate@lyoncapital.com). A client can also instruct the Firm on how to vote a proxy.

Delegating proxy voting authority to Lyon Capital Management, LLC is optional; clients may choose to vote their own proxies. If they choose to do this, they will receive proxy materials and ballots directly from their custodian. Clients may contact Lyon Capital Management, LLC with questions about any proxy solicitation.

Proxy votes are cast with client's best interests in mind and usually follow company management recommendations unless inconsistent with client goals. Nonetheless, it is possible that Lyon Capital Management, LLC may encounter a material conflict in voting client proxies. Lyon Capital Management, LLC has a duty to recognize any material conflict and to resolve the conflict before voting the proxy. Material conflicts are defined as those conflicts that a reasonable person would view as important in making a decision regarding how to vote a proxy.

If applicable, the Firm will maintain a list of all material business conflicts of interests: those business relationships between the Firm and other parties that are deemed to be material and that may result in a conflict with respect to a future proxy contest. As of the date of this filing, such a list has not been needed since no member of the Firm transacts significant business with or sits on the board of directors of any company in which the Firm invests for clients.

Firm employees are required to disclose all personal and familial relationships that may present a material conflict of interest with respect to a proxy contest. No employee currently owns a significant enough number of shares in any publicly-traded company to place them in a position of a conflict of interest.

In the event of a material conflict, unless a client requests otherwise, the Firm will take one of the following actions to ensure a proxy voting decision is based on the client's best interests and is not a result of a conflict: i) the Firm will refer the proxy to the client or a representative of the client for voting purposes, or ii) disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting a vote. Lyon Capital Management, LLC's policy is to disclose any proxy voting conflict of interest to a client via a written or electronic mailing prior to voting the proxy.

## **Item 18 – Financial Information**

### *Balance Sheet Requirement*

Lyon Capital Management, LLC does not require or solicit prepayment of more than \$1,200 in investment management fees per client, six (6) months or more in advance. Moreover, the Firm does not meet any custody requirement that would require submitting its balance sheet.

### *Discretionary Authority, Custody of Client Funds or Securities and Financial Condition*

The Firm exercises discretionary authority with respect to supervising and directing the investments in clients' accounts. Additionally, The Firm has indirect custody of client funds and securities because of the authorization and ability to deduct investment management fees directly from clients' accounts. Moreover, the Firm does not have any financial condition that will impair the Firm's ability to meet contractual commitments to clients.

### *Bankruptcy Petition Filings*

Lyon Capital Management, LLC has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

## **ADDITIONAL DISCLOSURES**

### **Important Information regarding Retirement Accounts**

#### *Conflicts of Interest regarding Retirement Plan Rollovers*

Existing clients or new clients leaving an employer typically have four (4) options regarding assets in an existing retirement plan. They may:

1. roll over the assets to the new employer's plan, if available, and rollovers are permitted;
2. leave the assets in the former employer's plan, if permitted;
3. roll over the assets to an Individual Retirement Account ("IRA"); or
4. cash out the account value (tax consequences generally apply).

If the Firm recommends that a client roll over retirement plan assets into an account that the Firm will manage, such a recommendation creates a conflict of interest because the Firm will earn fees as a result of the rollover. As a fiduciary, the Firm mitigates this conflict of interest by ensuring that a recommendation to roll over retirement plan assets is in the client's best interest.

### **CFP Board Disclosures**

The Firm employs a Certified Financial Planner™ professional, Kate Lyon (see Kate Lyon's Brochure Supplement for details regarding her CFP® professional designation). Accordingly, the Firm also adheres to the CFP Board's Standards of Professional Conduct.

The Firm encourages clients to review all of the information outlined in this Firm Brochure, which serves as its disclosure document. The Firm welcomes any questions that clients may have regarding services (see Item 4, Investment Management Services) and compensation (see Item 5, Fees and Compensation). Should any material changes occur to the information outlined in this Firm Brochure, a summary of updates will be provided to clients in a reasonable time frame, generally within thirty (30) days as required by advisory regulations.

The Firm acknowledges its responsibility to adhere to the CFP Board's Standards of Professional Conduct, including the duty of care of a fiduciary, as defined by the CFP Board.

**Item 1 – Cover Page**  
**Brochure Supplement**

*For*

**Douglass C. Lyon, CFA®**  
Lyon Capital Management, LLC  
24B Grove Street  
Pittsford, NY 14534  
Tel: 585-248-9821  
Fax: 941-761-6499

**January 28, 2021**

This Brochure Supplement (Form ADV 2B) provides information about Douglass C. Lyon that supplements the Lyon Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Kate M. Lyon, CFP® if you did not receive Lyon Capital Management, LLC's Brochure, or if you have any questions about the contents of this supplement.

Additional information about Douglass C. Lyon is available on the Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Educational Background and Business Experience

Douglass C. Lyon, CFA®

Year of Birth: 1954

Education:

High School

Pittsford High School – Pittsford, NY

College:

B.A. – History, Wake Forest University, 1978

M.B.A. – Babcock Graduate School of Management, Wake Forest University, 1982

Work History:

President and Chief Investment Officer for Lyon Capital Management, LLC since 1994

Professional:

Earned the Chartered Financial Analysts (CFA) designation, 1997

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join the CFA Institute as a member; and 4) commit to abide by, and annually reaffirm, adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, asset allocation, and wealth planning. Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

## Item 3- Disciplinary Information

Douglass C. Lyon, CFA® has not been involved in any disciplinary matters related to criminal or civil actions, administrative actions or proceedings, self-regulatory organization (SRO) proceedings or professional standards violations.

## Item 4- Other Business Activities

Douglass C. Lyon is not engaged in any other business activities outside of his work for Lyon Capital Management, LLC.

## Item 5- Additional Compensation

Douglass C. Lyon does not receive any additional compensation for work outside of Lyon Capital Management, LLC.

## Item 6 - Supervision

Douglass C. Lyon, CFA®, President and Chief Investment Officer, and Kate M. Lyon, CFP®, the Chief Compliance Officer, are responsible for the supervision of all employees at Lyon Capital Management, LLC.



Item 1- Cover Page  
**Brochure Supplement**

***For***

**Kate M. Lyon, CFP®**  
Lyon Capital Management, LLC  
24B Grove Street  
Pittsford, NY 14534  
Tel: 585-248-9821  
Fax: 941-761-6499

**January 28, 2021**

This Brochure Supplement (Form ADV 2B) provides information about Kate M. Lyon, CFP® that supplements the Lyon Capital Management, LLC Brochure. You should have received a copy of that Brochure. Please contact Kate M. Lyon, CFP® if you did not receive Lyon Capital Management, LLC's Brochure or if you have any questions about the contents of this supplement.

Additional information about Kate M. Lyon is available on the Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2- Educational Background and Business Experience**

Kate M. Lyon, CFP®

Year of Birth: 1959

Education:

High School: Naples High School – Naples, FL

College: B.A. Biology, Wake Forest University, 1981

Work History:

Chief Compliance Officer, Lyon Capital Management, LLC 2006 – Present

Operations Manager, Lyon Capital Management, LLC, 1994-2005

Professional:

Completed the Certified Financial Planner™ (or CFP®) certification process in 2006

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

Education – Complete an advanced college-level course of study addressing the financial planning subject areas of insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning

Examination – Pass the comprehensive CFP® Certification Examination. The examination was administered in 10 hours over a two-day period

Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year)

Ethics – Agree to be bound by the CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals

Individuals who are certified must complete 30 hours of continuing education every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct. They must also renew an agreement to be bound by the Standards of Professional Conduct, which require that CFP® professionals provide financial planning services in the best interests of their clients. CFP® professionals who fail to comply with the above standards and requirements may be subject to the CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## **Item 3- Disciplinary Information**

Kate M. Lyon, CFP® has not been involved in any disciplinary matters related to criminal or civil actions, administrative actions or proceedings, self-regulatory organization (SRO) proceedings or professional standards violations.

## **Item 4- Other Business Activities**

Kate M. Lyon is not engaged in any other business activities outside of her work for Lyon Capital Management, LLC.

## **Item 5- Additional Compensation**

Kate M. Lyon does not receive any additional compensation for work outside of Lyon Capital Management, LLC.

## **Item 6 - Supervision**

Douglass C. Lyon, CFA®, the President and Chief Investment Officer, and Kate M. Lyon, CFP®, the Chief Compliance Officer, are responsible for the supervision of all employees at Lyon Capital Management, LLC.