

## **Part 2A of Form ADV: Concorde Investment Management - *Brochure***

### **Item 1: Cover Page**

March 31, 2021

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This Brochure provides information about the qualifications and business practices of Concorde Investment Management. If you have any questions about the contents of this brochure, please contact us at (972) 701-5400. 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.

Concorde is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information based on which you determine to hire or retain an investment adviser.

Additional information about Concorde Investment Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Brochure contains updated information about Concorde Investment Management's (the "Adviser") business since the 2020 annual updating amendment dated March 30, 2020. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Accordingly, since the last annual update of this Brochure, the following material changes to the Adviser's business and enhancements to disclosures have occurred.

- Item 4: The amount of the Adviser's regulatory assets under management was updated.
- Item 8: The Adviser provided additional disclosures to describe risks associated with the COVID-19 pandemic.

In the future, this Item will discuss only specific material changes that are made to the Brochure since the date of its last annual amendment.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of Concorde's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Mr. Gregory B. Wood, the Adviser's Chief Compliance Officer at (972) 701-5400.

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

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

The Adviser offers investment management services to separately managed accounts (“Separate Accounts”) and serves as an investment advisor to one mutual fund (each a “Client” and, collectively, the “Clients”). Additionally, the Adviser provides financial and business advice to private funds managed by two affiliates, Concorde Capital Corporation (“CCC”) and Omnimed Capital, LLC (OCC), exempt reporting advisers. The Adviser was founded in 1981 by Dr. Gary B. Wood. Dr. Wood, Mr. John A. Stetter, and Mr. Gregory Wood are the principals of the Adviser, which is located in Texas.

We offer investment advisory services which include the initial and ongoing review of Client portfolios considering the prevailing market conditions, the economic outlook and the Client’s investment objectives. We offer advice on the following: equity securities of exchange-listed securities; securities traded over-the-counter and foreign issuers; warrants; corporate debt securities (including commercial paper); certificates of deposit; municipal securities; mutual fund shares; exchange traded funds (ETFs); United States government securities; options contracts on securities; and interests in partnerships investing in technology, healthcare, precious metals, real estate and oil and gas interests.

The Adviser serves as investment advisor to Concorde Funds, Inc. consisting of one fund, Concorde Wealth Management Fund (the “Fund”). The Fund is a no-load, open-end management investment company (commonly known as a mutual fund). The Fund is primarily for advisory Clients and is not widely marketed. We furnish continuous investment advisory services to the Fund and are primarily responsible for the day-to-day investment management of the Fund under the terms of the Investment Advisory Agreement with the Fund.

The investment advisory services we offer are focused on the needs and objectives of individual Clients. Recommendations on policy asset allocations are based on our investment outlook, the Client’s investment time horizon, tax status, assets and liabilities outside our management, employment/income status and other factors which may affect a Client’s risk tolerance, objectives related to minimizing taxes or need for asset growth. Clients may restrict trading activities on a limited number of individual securities, such as those connected to the Client’s employer, but not on securities that we regularly invest in.

We offer financial advisory services including the initial analysis of and ongoing review of a Client’s overall personal and financial circumstances from the perspective of cash flow, capital flow, liquidity, debt structure, company benefits, investments, life, health and property insurance, estate planning and taxes. Based on observations and Client requests, we make financial planning recommendations to Clients.

Clients who invest in Separate Accounts may impose restrictions on investing in certain securities or types of securities if the proposed restrictions are agreed to by us. The majority of our Clients do not impose such restrictions, and Clients invested in mutual funds and partnerships have no opportunity to impose any investment restrictions.

The Adviser does not currently participate in any wrap fee programs.

As of December 31, 2020, Concorde managed \$272,405,058 million of Client assets on a discretionary basis and \$83,114,109 million on a non-discretionary basis.

## Item 5: Fees & Compensation

Concorde is compensated on a fee-only basis based on the Client and the specific activities undertaken, including investment management fees and hourly or retainer financial advisory fees.

Our fees are negotiable and may vary from Client to Client and may be higher or lower than those indicated in the basic fee schedule below. Currently, we have Clients that are not on our standard fee schedule. Fee adjustments involve a number of factors, including the amount of total assets under management, the nature of the assets, the type of analysis required to manage the account, the length of the Client's relationship with us, the level of service required by the Client and other factors.

We also provide financial and business advice to CCC and OCC, on a consulting basis, for the benefit of six investment partnerships, Concorde eOriginal Partners, L.P. ("CeOP"), Concorde Capital Energy Partners, L.P. ("CCEP"), Concorde Capital Energy Partners II, L.P. ("CCEP 2"), Concorde Tangible Assets Partnership, Ltd. ("CTAP"), Omnimed Equity Partners, L.P. ("OEP"), and Omnimed Equity Partners CoInvest, LP ("OEPCo")., in which some of our Clients invest. See Section 10 for details. We receive a fee paid quarterly in arrears for these services by CCC as agreed upon by the parties prior to the first business day of each year according to the terms of an agreement between the parties.

For all Client accounts, we may invest cash balances in money market funds and may invest Client funds in mutual funds other than the Fund. In addition to the fees charged by us, each of the mutual funds in which Clients' funds may be invested also pays its own investment advisory fees and expenses. To the extent that Clients invest in mutual funds other than the Fund, such Clients effectively will pay two levels of advisory fees, one for the management of their assets invested with the Adviser, and indirectly through the management fees assessed to the mutual fund by its investment adviser.

The investment management fees are based on the rates in the fee schedule below calculated as a percentage of the daily average value (as reasonably determined by us if a market quote is not available) of the assets under management over the preceding quarter as determined as the close of business on the last day of each calendar quarter and are billed and payable as of the commencement of each calendar quarter. Fees may be deducted from Client accounts or billed to the Client, depending upon their preference.

- 1.00% per annum on the first \$1,000,000 of assets
- .75% per annum on the next \$1,000,000 of assets
- .50% per annum on assets in excess of \$2,000,000

Our investment management fees do not include other fees and expenses Clients may incur such as brokerage commissions (discussed in Item 12), custodial costs and the expenses and management fees that are internal to mutual funds. The Adviser does not receive any of these other fees. Additionally, Clients do not pay asset management fees on shares of the Fund held in their accounts.

Financial advisory fees are based on time spent at hourly rates indicated below and are billed monthly after services are performed.

- Clerical and Administrative \$150 per hour
- Analysis and Professional \$200 to \$300 per hour

Clients may terminate their agreements with the Adviser by giving us 30 days written notice. Prepaid investment management fees will be refunded based on a daily prorating from the beginning of the quarter to the date of termination, upon written request. Concorde reserves the right to charge a one-time termination administrative fee equal to .5% of the value of the assets under management at such time Concorde's services are terminated.

The Adviser, at its own expense and without reimbursement from the Fund, furnishes office space and all necessary office facilities, equipment and executive personnel for managing the investments of the Fund. For such services, we receive a monthly fee based on the average daily net assets of the Fund at the annual rate of .80%.

Neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

## **Item 6: Performance-Based Fees**

The Adviser does not receive performance-based fees from its Clients. However, an affiliate of the Adviser, CCC, may receive performance-based fees (sometimes referred to as “carried interest”) or allocations from the private funds outlined in Item 5. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees may create an incentive for the Adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor fee paying clients over other clients that are not subject to a performance-based fee.

To address conflicts of interest, the Adviser has adopted a policy that it will allocate investment opportunities to each Client in a fair and equitable manner over time. This policy has been effectuated by the implementation of a procedure that the Adviser must undertake during each evaluation of an investment opportunity. The procedure requires the Adviser to evaluate the appropriateness of each investment opportunity for each client by analyzing criteria related to the investment opportunity and factors specific to each Client (“Factors”). Factors consist of the following: (i) the size, nature and type of investment opportunity; (ii) the investment guidelines and restrictions of the Client; (iii) regulatory and contractual requirements; (iv) the pre-determined tactical plan of a Client or Clients and corresponding capital commitments; (v) the cash position of the Client; (vi) liquidity needs/constraints of the Client; (vii) asset/liability management; (viii) minimum trade denominations; (ix) a determination by the portfolio manager that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients; (x) restrictions under ERISA or other applicable regulations; (xi) tax issues; (xii) the size of a Client’s account; (xiii) Client risk tolerance; and (xiv) situational factors the portfolio manager deems relevant. While the procedure requires the Adviser to include the Factors in its evaluation of an investment opportunity, it also prohibits the Adviser from allocating investment opportunities: (i) to generate higher fees paid by one Client over another, or to produce greater fees for the Adviser; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to the Adviser or any employee of the Adviser or to induce future services or benefits to be rendered to the Adviser or any personnel of the Adviser.



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

We offer our services to a wide range of clients, including individuals, trusts, estates, corporations, limited partnerships, limited liability companies, and investment companies. We also provide investment consulting services to limited and general partnerships, on a contract basis, for a related entity. See Item 10 for further information.

We seek to obtain client accounts with a minimum asset value of \$500,000 for the opening balance. Under certain circumstances, such as referrals from existing clients or for members of an existing Client's family, we may accept client accounts that have an opening asset value of less than \$500,000.

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

The Adviser utilizes a value and income investment approach for growth and capital preservation. Value investing focuses on identifying differences between the market's perception and price of a company's stock and the intrinsic value that a knowledgeable investor would place on the entire company as an ongoing enterprise. Intrinsic value typically takes into consideration fundamental business factors such as a company's earning power, franchise or brand value, proprietary market position and competitive advantages - which drive the long-term performance of the company - and is assessed by analyzing the worth of such factors. The market's perception can cause an undervaluation or overvaluation of a company relative to its true intrinsic value, the appropriate value for the entire enterprise, due to a lack of understanding or perhaps the inappropriate disfavor of an entire market sector. The characteristics of our practical application of the value investment philosophy results in portfolios that are spread over the spectrum of industries and capitalization (size), with a typical holding period of two-four years (low turnover).

We use a variety of analytical, experience based, subjective methods to make value investment decisions.

- For individual equities, we utilize fundamental analysis to determine the attractiveness of the security and potential for growth in value at current market prices.
- For managed money and mutual funds, we analyze the net historical track record, consistency of management personnel and investment restrictions in selecting the investment vehicle for a portion of the client's assets in meeting part of the client's investment policy.
- For fixed income securities, we review the credit quality and duration of the security for an appropriate fit for a part of the client's investment policy.

Below is a summary of certain risks applicable to the Adviser's advisory services and investments outlined in Item 4. The summary is qualified in its entirety by the risk factors set forth in each Client's offering documents or similar account opening documents. The past performance of the Adviser is not indicative of future results and risk of loss should be considered.

### *The Risk of Loss*

The Clients' investments involve the risk of loss. Investors must be prepared to lose all or substantially all of their investment. The Adviser and its affiliates are in no respects responsible for the performance of the Clients, except to the extent of their obligation to act in good faith and without fraud, gross negligence, or reckless or intentional misconduct in respect of their duties to the Clients.

### *Market Disruptions*

In recent years, the global financial markets have undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention.

Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions.

#### *Market Risks in General*

The success of the Clients’ investment program may be substantially and adversely affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, cyber theft and terrorism, and national and international political circumstances. None of these conditions is within the control of the Adviser and no assurances can be given that the Adviser will anticipate these developments. These factors may affect the volatility and liquidity of investments held by the Clients. Unexpected volatility or illiquidity could impair the Clients’ profitability or result in losses.

#### *Management of Multiple Clients*

The Adviser will endeavor to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to Clients. Client accounts may underperform other accounts that may be managed by the Adviser that use the same or similar strategies. Each Client’s investment program is tailored to their specific needs, risk tolerances, account value, investment mix, investment horizon, and other factors that may material alter each Client’s performance.

#### *Reliance on Corporate Management and Financial Reporting*

Many of the strategies implemented by the Adviser rely on the financial information made available by the issuers in which the Clients invest. The Adviser has no ability to independently verify the financial information disseminated by the issuers in which the Clients invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

#### *No Independent Verification of Market Information*

The Adviser selects investments for the Clients on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by such issuers or through other sources. Although the Adviser evaluates all such information and data and seeks independent corroboration when the Adviser considers it appropriate and when it is reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

#### *Volatility*

The prices of some of the instruments traded by the Adviser have been subject to periods of excessive volatility in the past including over the past year, and such periods can be expected to recur or continue. Price movements are influenced by many

unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions.

While volatility can create profit opportunities for the Adviser, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur significant losses. On the other hand, the lack of volatility can also result in losses for certain of the Adviser's positions that profit from price movements.

All investment securities involve some degree of price or credit risk of loss, although that degree of risk varies widely among different asset classes. Our investment strategy could typically be characterized as long term investing as opposed to short term trading.

#### *Possible Positive Correlation with Stock and Bonds*

There can be no assurance that the Clients will be non-correlated or negatively correlated with a traditional portfolio of stocks and bonds.

#### *Illiquid Securities*

An investment in the private funds is illiquid and involves a high degree of risk. There is no public market for limited partnership interests in the private funds, and it is not expected that a public market will develop. Consequently, limited partners bear the economic risks of their investment for the term of the private funds. Prospective investors will be required to represent and agree that they are purchasing the limited partnership interests for their own account for investment only and not with a view to the resale or distribution thereof.

#### *Equity Securities*

Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and terrorist factors, influence the cost of equities; there can be no assurance that the Adviser will be able to predict future price levels correctly. In addition, the Clients' directional equity positions may be leveraged, and, if they are leveraged, even comparatively minor adverse market movements may result in substantial losses.

#### *Warrants*

Investments in warrants can lead to increased portfolio volatility. Thus, the nature of the warrants will involve Clients in a great degree of risk than is the case with conventional securities.

#### *Options*

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain

time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### *Exchange Traded Funds and Other Similar Instruments*

Shares of exchange traded funds, or ETFs, and other similar instruments may be purchased or sold for Client accounts. An ETF is an investment company that is registered under the Investment Company Act of 1940 (“1940 Act”) that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called “creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

The Fund may purchase instruments similar to ETFs that represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, are not registered as investment companies under the 1940 Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Adviser considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

### *Debt Instruments*

Prepayment/Call Risk. If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the account(s) in securities bearing a new, lower interest rate, resulting in a possible income decline in the account(s).

Credit Risk. Credit risk refers to the possibility that the issuer of a debt security will be unable to make interest and/or principal payments when due, thereby causing a decrease in value to the issuer’s securities and lowering the issuer’s credit rating.

High Yield Bond (Junk Bond) Risk. Junk bonds involve a greater risk of default or price changes due to changes in the credit quality of the issuer. The values of junk bonds fluctuate more than those of high-quality bonds in response to company, political, regulatory or economic developments. Values of junk bonds can decline significantly over short periods of time.

Interest Rate Risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on their individual characteristics, including duration.

Liquidity Risk. The account(s) may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

Municipal Securities Risk. Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions may affect a municipal security's value, interest payments, repayment of principal and the account(s)' ability to sell it. Failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value. In addition, there could be changes in applicable tax laws or tax treatments that reduce or eliminate the current federal income tax exemption on municipal securities or otherwise adversely affect the current federal or state tax status of municipal securities.

Reinvestment Risk. Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested in securities with a lower interest rate than on the original investment. Reinvestment risk is more likely when interest rates are declining.

Potential Public Health Crisis; Covid-19. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or Covid-19) in China, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact Clients. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) may adversely impact a Client's investment, including by delaying or causing supply chain disruptions or by causing staffing shortages. In addition, the imposition of travel restrictions may impact the ability of the Advisors' personnel to travel in connection with potential or existing investments of a Client or to the Advisors' offices, which could negatively impact the ability of the Advisors to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates. A continued outbreak may reduce the availability of debt financing to a Client and potential purchasers of a Client's investments, which could have material and adverse impact on a Client's returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to a Client's performance.

**Please note that investing in any of our strategies involves risk of loss that clients should be prepared to bear.**

**Item 9: Disciplinary Information**

There have been no disciplinary actions against the Adviser or any of its employees within the last ten years by:

- Any domestic, foreign or military court,
- The SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority, or
- Any self-regulatory organization (SRO).



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

None of the Adviser's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

None of the Adviser's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or as a commodity trading advisor.

We may, from time to time, recommend to our Clients the purchase of shares in the Fund. Consequently, we have a conflict of interest when we make such recommendations. Generally, the securities held in the Fund are substantially similar to securities held in the domestic equity asset allocation for our full discretion, individually managed accounts. When Clients' assets are invested in the Fund, we do not charge Clients a fee on those assets, rather; we earn a fee on those assets through our position as investment adviser to the Fund. Historically, investment allocations to the Fund in Client individually managed accounts have been for Client convenience, to achieve diversification or for accounts for which the use of individual equities is not practical. We receive a fee for advisory services based on the Fund's average daily net assets at the annual rate of .80%. Since the annual fee of .80% of assets of the Fund is less than the top tier of fees for managing Client' private accounts (see Item 5 for our fee schedule), we have an interest in maximizing Clients' investments in the Fund after the Client's total portfolio exceeds \$1,111,111. Without the trading efficiencies offered by investments in the Fund, Clients with relatively small accounts would incur transaction costs that would be too high. We occasionally will purchase shares of the Fund in the Adviser's brokerage account.

We generally retain a limited power of attorney with respect to the trading activity of accounts managed. Accordingly, we generally exercise full discretion as to brokerage placement and securities purchased and sold and the amount of such transactions, within the scope of an agreed upon Client policy asset allocation. Investment limitations may be placed by the Client as outlined in the investment advisory agreement of separately managed accounts.

When appropriate, certain Clients are advised to invest in entities which may be controlled by other entities that have a relationship with Gary B. Wood ("Wood"), an equity owner of the Adviser. Such investments are not at the discretion of the Adviser and require the Client's specific authority. Dr. Wood is the majority owner of Concorde Capital Corporation ("CCC"), is majority owner of OmniMed Corporation ("OMC"), and one of the controlling shareholders of Omnimed Capital LLC ("OCC"), all of which serve as general partner for the limited partnerships listed below, in which some Clients have invested. Such investments are at the Client's discretion after all the required disclosure documents are provided. The Adviser, itself, does not typically invest in venture entities but has accepted shares in one venture firm as payment for an old receivable. All mentioned companies have sole responsibility for the management of the partnerships' investment portfolios, administrations and business affairs.

As mentioned in Item 5, the Adviser provides financial and business advice for private funds managed by CCC and OCC on a consulting basis, in which it receives compensation. CCC may also receive performance-based fees from the private funds, in which the Adviser's client

accounts may invest. However, the Adviser does not have discretion to invest client accounts in the private funds managed by CCC or OCC. If such investment is recommended by the Adviser, each client account participating in the investment must approve such recommendation before the investment is made. Furthermore, the Adviser discloses affiliations with CCC and OCC to all client accounts prior to making such investments. It is the Adviser's general policy to allocate investments at all times among the accounts of its clients, or recommend such investments to clients of its affiliate, in a manner which it believes to be fair and equitable. As mentioned below, allocations of investment opportunities shall not be based on the fees paid by one account over another or to generate greater fees to the Adviser. To address these conflicts of interest with respect to any future clients, the CCO will review allocation of private investments (including underlying rationale) across each client account, including the affiliated private funds to ensure such investment opportunities were allocated fairly.

With respect to investment opportunities that may be deemed appropriate for both the Client accounts and private funds managed by CCC and OCC, the Adviser will take into account the following considerations to determine if such investment is appropriate: (i) the size, nature and type of investment or sale opportunity; (ii) the investment guidelines and restrictions of the client; (iii) regulatory and contractual requirements; (iv) pre-determined tactical plan of a client or clients and corresponding capital commitments; (v) the cash position of the client; (vi) liquidity needs/constraints of the client; (vii) asset/liability management; (viii) minimum trade denominations; (ix) a determination by the portfolio manager that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the clients; (x) restrictions under ERISA or other applicable regulations; (xi) tax issues; (xii) the size of a client's account; (xiii) client risk tolerance; and (xiv) such other factors as the portfolio manager deems relevant. The allocation of investment opportunities will not be based on any of the following, or similar reasons:

- To generate higher fees paid by one account over another, or to produce greater fees to the Adviser;
- To develop a relationship with a Client or prospective client; or
- To compensate a Client for past services or benefits rendered to the Adviser or any employee of the Adviser to induce future services or benefits to be rendered to the Adviser or any employee of the Adviser.

The CCO is also responsible for reviewing the side-by-side management of the Adviser's client accounts, including performance dispersion and investment allocations. The CCO periodically reviews and tests the trade aggregation and allocation practices and related documentation to determine whether these procedures are being followed and whether Client accounts are being treated fairly.

<u>Partnership</u>	<u>General Partner</u>	<u>Partnership Purpose</u>	<u>Compensation Method</u>
Uro-Tech, Ltd. (closed to new investors)	OMC	Medical technology and services	OMC currently receives no fee, no fees charged to clients
IHC Capital Partners, LP	OMC	Investments in Latin American hospital	Client investments are included in billable assets
Concorde eOriginal Partners, LP	CCC	Information technology company	Client investments are included in billable
Concorde Tangible Assets Partnership, Ltd.	CCC	Defensive strategy investments such as oil & gas, gold and foreign sovereign bonds and currencies	CCC receives a 1% of partnership value management fee and pays Concorde an annually agreed upon consulting fee, no fees charged to clients
Concorde Capital Energy Partners, L.P.	CCC	Energy investments	CCC receives a 1% of partnership value management fee and pays Concorde an annually agreed upon consulting fee, no fees charged to clients
Concorde Capital Energy Partners II, L.P.	CCC	Energy investments	CCC receives a 1% of partnership value management fee and pays Concorde an annually agreed upon consulting fee, no fees charged to clients
Omnimed Equity Partners, L.P.	OCC	Healthcare investments	Omnimed Capital receives a 1% of partnership value as a management fee and will pay Concorde an annually agreed upon consulting fee, no fees charged to clients
Omnimed Equity Partners CoInvest, LP	OCC	Healthcare investments	OCC receives .5% of partnership value as a management fee and will pay Concorde an annually agreed upon consulting fee, no fees charged to clients.

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

The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.

As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

A copy of the Code is available upon request and at no cost to any Client or prospective client.

The Adviser and its affiliates and principals’ accounts (referred to herein as “related persons”) hold economic interests in the Fund and the private funds advised by CCC, which in certain cases are material. The Adviser’s Clients may invest in securities that the Fund and private funds also invest in, as well as the Fund and private funds themselves. As a result of these securities recommendations made to the Clients by the Adviser, the Adviser and its related persons have a pecuniary interest from investments made by the Fund and the other private funds as a result of their economic interest in them.

The Adviser has adopted the policy that it will, at all times, place the interests of its Clients before its own, and Adviser’s employees will do the same with regard to their personal securities transactions. In alignment with the policy, the Adviser has put procedures in place to prevent conflicts of interest created by the Adviser and its related persons’ economic interests in the Fund and the private funds such as personal trading procedures and an alternative fee structure for Clients. The Adviser’s Code calls for the ongoing monitoring of employees’ personal trading accounts, which is designed to detect any impropriety and self-dealing by an employee. Further, while the Adviser will recommend investment in the Fund to certain Clients, the Clients do not pay asset management fees on shares of the Fund held in their accounts.

The Adviser may trade the same securities in its’ Client accounts that it trades in its principals’ accounts and in the Fund. To mitigate any acts of impropriety, the Adviser’s policy is that no employee shall purchase or sell, directly or indirectly, any security in which he or she has any direct or indirect beneficial ownership and which to his or her actual knowledge at the time of such purchase or sale is being considered for purchase or sale by the Fund or in any client accounts managed by the Adviser or in the private funds managed by CCC or is being purchased or sold by the Fund or another client account managed by the Adviser or in private

funds managed by CCC. Additionally, it is the Adviser's policy that no employee shall use any information concerning the investments or investment intentions of the Fund, or the employee's ability to influence such investment intentions, for personal gain or in a manner detrimental to the interest of the Fund. All employee personal securities transactions are subject to monitoring in order to ascertain any patterns of conduct which may evidence conflicts with the principles of the Code, including patterns of front-running or other inappropriate behavior. The CCO shall be responsible for (i) notifying employees of their reporting obligations under the Code and (ii) reviewing the reports submitted by each employee. The CCO shall maintain records of all reports filed pursuant to these procedures.

The Code requires employees to comply with applicable Federal securities laws, prohibits purchasing or selling securities that the Adviser is considering for investment in the Fund or Client accounts and to provide periodic reports of their personal securities trading for review by the Chief Compliance Officer. The Code also requires them to report any violations of the Code promptly and if violations or conflicts are discovered, the Board of Directors of the Fund may impose sanctions as it deems appropriate.

The Code prohibits employees from the use of any information concerning the investments or investment intentions of any Client account, or the ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Adviser's Clients.

## Item 12: Brokerage Practices

Our overriding objective in selecting broker-dealers for effecting portfolio transactions for Client accounts is to obtain the best combination of price and execution. We receive no commissions for trading activities. The best net price is an important factor, but we also consider the full range and quality of a broker-dealer's services, including the value of research provided; execution, clearance and settlement capabilities; commission rates; custodial services; financial responsibility; length and quality of the business relationship with us; our trust and confidence in the broker-dealer and responsiveness to us.

As our primary broker, the Adviser has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides us with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering Clients' accounts include software and other technology that (i) provide access to Client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its Clients' accounts; and (v) assist with back-office functions, recordkeeping and Client reporting. Fidelity also offers other services intended to help us manage and further develop our advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly.

The Adviser is independently operated and owned and is not affiliated with Fidelity. Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Additionally, Fidelity does not charge our Clients accounts for trading as long as they meet certain hurdles.

Fidelity is providing the Adviser with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

In the past year, Fidelity and certain other broker-dealers who provide best execution also furnished us individual equity and fixed income research. Such products and information are used in providing advisory services to all accounts and may not necessarily be used in connection with the accounts that paid commissions to the broker-dealers providing them. Certain brokers have agreed to provide custodial and brokerage services, including client commission benefits, at specified rates, including specified minimum ticket prices, based

upon expected amounts of brokerage usage which, if not met, such rates may be changed and may be in excess of rates that could be obtained from another broker.

When we use Client brokerage commissions (or markups or markdowns) to obtain research and services, we receive a benefit (known as soft dollars) because we do not have to produce or pay for some or all of the cost of those products. But we believe it is cost effective to obtain such information in this manner rather than increasing our fees. Thus, we may have an incentive to select or recommend a broker-dealer based on the receipt of research, rather than the Client's interest in receiving most favorable execution. Currently, the range of Client brokerage commissions per share on equity transactions is the same for broker-dealers used in Client commission arrangements as for broker-dealers used without such arrangements.

The procedures used to direct Client transactions to a particular broker-dealer in return for soft dollar benefits include developing a soft dollar budget for the year and then allocating trades throughout the year to designated soft dollar brokers.

We typically try to aggregate trade orders for best execution and to minimize the transaction costs. Any commission costs incurred in such an aggregated transaction are divided and charged to Clients pro-rata based on the number of shares purchased or sold for each Client. Occasionally when we aggregate brokerage orders for multiple Clients and the order is not completed, we may allocate the completed securities in a manner such that accounts with smaller allocations are completed prior to the other accounts in order to lower their total transaction costs in anticipation of the order being completed on a subsequent trading day. Also, in an attempt to avoid excess trading costs, we retain the right to allocate trades that filled at a small percent of the total to be allocated to our largest accounts. Due to the nature and volatility of publicly traded securities and in order to minimize transaction costs resulting from constant rebalancing, our advisors allow Client policy allocations to deviate from agreed policy to a degree not deemed to significantly impact the long-term risk or performance of the investment account.

Certain client accounts do not participate in "bunched" orders, even when an investment opportunity would be suitable for such clients. Generally, such client accounts execute via underlying custodian. Such practices could result in different prices and execution cost among clients for same securities. This disparity between client accounts is due to third party restrictions such as custodian's requirements placed on certain accounts in a form of minimum trade requirements and high cost of execution outside of custodian's platform.

The Adviser utilizes a trading rotation system to ensure that no one client account gains any advantage over any other client account. Since some client accounts have to be traded at certain broker-dealers or through specific trading platforms, these client accounts could be disadvantaged if they are always left to be traded last. In a rotation, all client accounts cycle through the rotation with each trade.

The Adviser recognizes that trading practices described above may create potential conflicts of interest. Specifically, trading in smaller, less liquid securities may affect the prices of those securities and therefore affect the price paid by other client accounts. To mitigate such risks,

the Adviser, to the extent possible, shall aggregate orders for all client accounts for any less liquid or smaller securities. If it is not possible to aggregate all orders for thinly traded securities, the supervised person shall consult with the CCO prior to executing such trades to minimize any potential negative impact on client accounts.



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

We develop customized portfolios tied to the needs and objectives of an individual Client. All accounts are reviewed periodically on an ongoing basis, but in no event less than quarterly. Reviews are conducted by members of the Investment Committee which consists of Gary B. Wood, President, and John A. Stetter, Vice President, and Gregory B. Wood, Chief Compliance Officer. Gary Wood, John Stetter, and Greg Wood are co-managers of Client accounts and the Fund. We review Client's overall financial planning issues when asked to do so by the Client, but no less than annually. Financial planning reviews are conducted by Greg Wood and Gary Wood.

More frequent reviews would be triggered by circumstances such as major changes in market or economic conditions or personal events specific to the Client that may significantly change their objectives or needs. Portfolio and sector weightings are compared to applicable investment policy guidelines and adjustments made as necessary.

Separate Account Clients receive from us, at a minimum, a written quarterly portfolio appraisal report containing a summary of their assets. In addition, they receive trade confirmations, monthly and annual statements and year-end tax reports directly from Fidelity, the qualified custodian. Other reports (for example, performance reports, realized/unrealized gains/losses, receipts/disbursements) are generated per Client request.

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

The Adviser does not receive any economic benefit from any third party for providing advisory services to the Clients.

The Adviser does not compensate other individuals or institutions for the referral of private investment funds or separately managed account Clients.

**Item 15: Custody**

We do not maintain physical custody of client assets.

Clients in separately managed accounts will receive statements directly from the qualified custodian (as indicated in Items 12 and 13), as well as reports from us. We urge our Clients to carefully review the statements they receive from the custodian and to compare them to the reports received from us.

**Item 16: Investment Discretion**

We have investment discretion over the accounts we manage for Clients (that is, we make the decisions regarding the securities we will purchase or sell on behalf of the Client). As stated in Item 4, separately managed account Clients may set limits on this investment discretion. Our authority to exercise investment discretion is agreed to in advance by the Client through the terms of our investment management agreement with the Client. Mutual fund Clients cannot set limits on our investment discretion.

We do not have discretion over Client investments in private partnerships as Clients must approve any purchase or disposition of such investment.

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

We vote proxies on securities held in discretionary Client accounts according to our written policies and procedures which are designed to ensure that proxies are voted in the best interest of our Clients should there be any conflict between the best interest of the Client and that of the Adviser. Our general policy is to align with the management of the company in which we invest, although individual votes are reviewed. If we find significant differences with management, we typically will not continue to hold the security. For unusual votes (i.e., mergers, acquisitions, etc.), the portfolio manager will vote for the option that he or she believes is in the best interest for a long-term investor in the security.

Upon request, written or verbal, any Client will be provided, without charge, with a copy of our proxy voting policies and procedures or information on how we voted proxies on securities held in their account.

**Item 18: Financial Information**

The Adviser does not require or solicit prepayment of any fees greater than six months in advance.

The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.