

# **Lexington Research and Capital Group, LLC**

## **Firm Brochure**

(Part 2A of Form AD)

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This brochure provides information about the qualifications and business practices of Lexington Research and Capital Group, LLC. If you have any questions about the contents of this brochure, please contact us at (859) 312-2497 or [stewartofficer@lexingtonresearch.com](mailto:stewartofficer@lexingtonresearch.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lexington Research and Capital Group, LLC also is available on the United States Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Lexington Research and Capital Group, LLC's CRD number is 108576.

**March 30, 2022**

## **Item 2. Material Changes**

The United States Securities and Exchange Commission (the “SEC”) adopted “Amendments to Form ADV” in July, 2010. This Brochure, dated March 30, 2022, is our current disclosure document prepared according to the SEC’s requirements and rules.

Since the last update of our brochure dated March 30, 2021, we have updated the following Items:

- Item 4 – We have updated the amount of assets which we currently manage on a discretionary basis and have included risk factors regarding the Company’s advisory business.

Consistent with the current 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 our business’ fiscal year, which is December 31. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material changes since our last brochure update on March 30, 2021, are referred to above.

A complete copy of our current firm disclosure document, dated March 30, 2022, is available to you. You may request a copy by email sent to [stewartofficer@lexingtonresearch.com](mailto:stewartofficer@lexingtonresearch.com) or calling (859) 312-2497.

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## **Item 4. Advisory Business**

Lexington Research and Capital Group, LLC (the “Company”) is an investment advisor registered with the SEC, with its principal place of business located in Fayetteville, Arkansas. The Company began conducting investment advisory business in 1994.

The Company is a fee-only investment management company. Fee-only means the source of the Company’s fees come directly from our clients. We do not accept or earn commissions in any form or from any financial product. The Company does not pay or accept referral fees from any source including fees from custodians or broker/dealers based on client transactions. Those fees are called “soft-dollar” benefits and the Company does not accept any soft-dollar benefits.

The Company provides investment management services for individuals, trusts and estates. The Company also provides financial planning services such as defining financial objectives, cash flow management, risk management, retirement planning and other issues as needed for clients.

The Company does not take possession of any client assets for any reason. The Company does not act as a custodian for any client assets and all client assets are held by the Vanguard Group, an independent custodian. The assets are owned strictly by the client and held in the client’s name.

The Company may from time to time recommend other professionals such as tax advisers and attorneys at the request of our clients. We do not pay or accept any referral fees from any outside professionals but rather provide recommendations for the benefit of our clients.

### **Principal Owner**

The Company is owned 100% by Stewart T. Officer. Mr. Officer is the Company’s President and Chief Executive Officer, Chief Compliance Officer and sole employee. Mr. Officer received a Bachelor of Science degree with an emphasis on finance and investments from the University of Arkansas – Fayetteville on December 15, 2012. He has been an employee of the Company since January 1, 2013.

### **Types of Advisory Services**

The Company is primarily an investment manager or asset manager and provides ongoing advisory services to our clients on a discretionary basis. We manage our client’s accounts through the Vanguard Group’s investing platforms.

Through personal discussions in which goals and objectives based on a client’s particular circumstances are established, we develop a personal investment policy for each client and create and manage a portfolio based on that policy. During the data gathering process, we determine the client’s individual objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family composition and background. We also provide financial planning as an ancillary service as

part of overall asset management.

Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income or growth and income), as well as tax considerations.

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

The Company provides investment advice only with respect to stocks, bonds, mutual funds and exchange-traded funds.

Clients must remember that investing in securities, including the advisory services provided by the Company, involves risk of loss, which they should be prepared to bear. These risks include market risk, interest rate risk, currency risk, and political risk, among others. No investment strategy can assure a profit or avoid a loss, and the Company does not guaranty any level of investment return.

### **Wrap Fee Programs**

The Company does not participate in any wrap fee programs.

### **Managed Assets**

As of December 31, 2021, the Company managed approximately \$330,454,138 of client assets on a discretionary basis and \$0 client assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

The annualized fee the Company charges for its services is charged as a percentage of assets under management ("AUM"), according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Fee as a % of 1% of Midpoint AUM</u>
\$0 – \$590,000	50% of 1% of AUM	.50
\$590,000 - \$750,000	\$ 2950.00	.44
\$750,000 - \$1,000,000	\$ 3250.00	.37
\$1,000,000 - \$1,250,000	\$3550.00	.32
\$1,250,000 - \$1,500,000	\$3750.00	.27
\$1,500,000 - \$1,750,000	\$3950.00	.24
\$1,750,000 - \$2,000,000	\$4150.00	.22
\$2,000,000 - \$2,250,000	\$4350.00	.20
\$2,250,000 - \$2,500,000	\$ 4550.00	.19
\$2,500,000 - \$2,750,000	\$4750.00	.18
\$2,750,000 - \$3,000,000	\$4950.00	.17
\$3,000,000 - \$3,250,000	\$5150.00	.16
\$3,250,000 - \$3,500,000	\$5300.00	.16
\$3,500,000 - \$3,750,000	\$5450.00	.15

<u>Assets Under Management</u>	<u>Annual Fee</u>	<u>Fee as a % of 1% of Midpoint AUM</u>
\$3,750,000 - \$4,000,000	\$5600.00	.14
\$4,000,000 - \$4,500,000	\$5750.00	.13
\$4,500,000 - \$5,000,000	\$5900.00	.12
\$5,000,000 - \$5,500,000	\$6000.00	.11
\$5,500,000 - \$6,000,000	\$6100.00	.11
\$6,000,000 - \$6,500,000	\$6200.00	.10
\$6,500,000 - \$7,000,000	\$6300.00	.09
\$7,000,000 - \$7,500,000	\$6400.00	.09
\$7,500,000 - \$8,000,000	\$6500.00	.08

### **Limited Negotiability of Fees**

Although the Company has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee charged. The specific annual fee schedule will be identified in the contract between the Company and each client.

### **Fee Billing**

The Company bills its fees on a quarterly basis. The quarterly fee is based on the client's AUM at the end of each quarter. The Company bills clients directly – the Company does not deduct fees from our client's assets. Clients are sent a quarterly statement detailing the fee for the quarter. The quarterly fee is due and payable upon receipt by the client. Clients are billed on a pro-rata basis only during the first quarter of the engagement.

### **Prepayment of Fees**

Under no circumstances does the Company require or solicit payment of fees in excess of \$1,200 more than six (6) months in advance of services rendered.

### **Other Fees**

In addition to our fees, clients are also responsible for certain other fees and expenses charged by third parties such as mutual fund management fees and custodians for the purchase and sale of mutual funds, stocks, bonds and exchange traded funds. The Company seeks to minimize these fees by seeking the funds and transactions with the lowest possible costs. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information regarding brokerage and other transaction costs.

### **Termination of Agreement**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. Any fees due will be prorated according to the number of days remaining in the quarter. Since the Company does not charge fees in advance and only at the end of the quarter, no refunds will be given on any fees paid.

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

### **Performance-Based Fees**

The Company does not charge clients performance-based fees. We believe performance-based fee structures create a major conflict of interest for the client that may result in the selection of higher risk investments to the client. Our fee structure allows for growth in fees if client assets increase. It also means our fees can decline if client assets decline in value.

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

### **Types of Clients**

The Company provides investment management services for individuals, trusts and estates.

### **Minimum Account Size**

The Company does not impose a minimum dollar value or size as a condition for opening an account.

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

The Company uses asset allocation in formulating our investment advice and/or managing client assets. Rather than focusing primarily on securities selection, asset allocation attempts to identify an appropriate ratio of securities, fixed income and cash suitable to our client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

### **Investment Strategies**

The Company's investment strategies are based on the efficient market theory and modern portfolio analysis. We believe markets are efficient and careful exposure to various market segments in the proper asset allocations will produce appropriate returns and risks. We implement this philosophy by utilizing passively managed index funds and exchange traded funds along with investment grade corporate bonds as fixed income vehicles. We also allocate equity assets internationally to provide diversification and risk reduction relative to the domestic market. Rebalancing tools are also utilized to meet target asset allocations.

The Company believes that low costs are very important to investing and seek to accomplish investment objectives at the lowest possible cost to the client.

## **Risk of Loss**

Securities investments are not guaranteed, and you may lose money on your investments including loss of principal. You may face interest rate risk which means interest rate changes will affect the value of your fixed income securities. You also face market risk, currency risk, inflation risk, business risk, liquidity risk, political and governmental risk, tax risk and financial risk. All of those risks may and can adversely affect your financial assets.

**INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT YOU THE INVESTOR SHOULD BE PREPARED TO BEAR.**

## **Risks Associated With the Company's Organizational Structure**

Stewart T. Officer is the Company's sole employee and, as a result, it may be difficult to contact the Company if Mr. Officer is unable to communicate. While we strive to be available to our clients, Mr. Officer may not be available for extended periods of time because of such things as illness, time-off or similar events.

Clients are also advised that the Company would cease doing business if Mr. Officer dies or is otherwise unable to provide services to the Company.

## **Item 9. Disciplinary Information**

### **Legal or Disciplinary Events**

The Company is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management. Neither the Company nor any of its employees have been involved in any material legal or disciplinary events.

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

### **Activities**

The Company is an investment advisor registered with the SEC.

Neither the Company nor any of its employees are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Company nor any of its employees are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither the Company nor any of its employees have any relationship or arrangement with any third party that creates a material conflict of interest with our clients.



## **Affiliations**

The Company is not affiliated with any outside group or organization. The Company may from time to time recommend professionals such as tax advisers and attorneys at the request of our clients. We do not pay or accept any referral fees from any outside professionals but rather provide recommendations for the benefit of our clients.

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

### **Code of Ethics**

The Company has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal and state securities laws. We believe we are “fiduciaries” in the broadest possible sense and owe a duty of loyalty, fairness and good faith to our clients, and have an obligation to adhere not only to the specific provisions of our Code of Ethics but to the general principles that guide it.

Our Code of Ethics further includes the Company’s policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all of the Company’s employees are instructed that such information may not be used in a personal or professional capacity.

We provide all current and prospective clients with a copy of our Code of Ethics. Clients or prospective clients may request a copy of our Code of Ethics by contacting Stewart T. Officer, our Chief Compliance Officer, via e-mail at [stewartofficer@lexingtonresearch.com](mailto:stewartofficer@lexingtonresearch.com) or via standard mail at 211 North Block Street, Suite 106, Fayetteville, Arkansas 72701.

### **Participation in Client Transactions**

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our employees may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the express policy of the Company that no employee may purchase or sell any security prior to a transaction(s) being implemented for their clients’ accounts on the same trading day, thereby preventing such employee(s) from benefiting from transactions placed on behalf of our clients.

## **Item 12. Brokerage Practices**

### **Factors in Selecting Brokerage Firms**

The Company recommends clients use the Vanguard Group as its preferred custodian. The Company does not have any affiliation with any custodian including, the Vanguard Group.

The Company believes that the Vanguard Group has the best overall set of qualities for its clients. The Vanguard Group is a member of FINRA and SIPC and is an independent broker/dealer. The Company receives no financial compensation from the Vanguard Group in the form of fees or commissions and does not accept any fees or commissions from any custodian. We may benefit from the delivery of electronic client information and other non-financial services from the custodian as a routine course of business. We may also benefit from some research, tax information or other public information the custodian provides for its clients. The Company does not receive any special information from custodians and does not pay for any information from custodians. We also review on an annual basis the best execution of client trades and continually monitor all fees and commissions. The Company actively negotiates with the Vanguard Group for lower commissions and fees.

While the Company has reviewed the brokerage services provided by the Vanguard Group and has concluded that it provides quality execution services, at a competitive cost, it is possible that more favorable execution for some transaction could be provided elsewhere. Furthermore, our investing model, and the costs associated therewith, may change in the event that the Vanguard Group no longer provides brokerage services or reduces such services, and we are unable to obtain similar services from other third-parties.

### **Research and Other Soft Dollar Benefits**

The Company does not receive any research or other soft dollar benefits from any broker-dealers or any other third parties.

### **Brokerage for Client Referrals**

In making a determination to select or recommend broker-dealers, the Company does not take into consideration whether we or any party related to the Company receives client referrals from a particular broker-dealer or third party.

### **Directed Brokerage**

The Company does not direct brokerage for clients for any transaction.

### **Aggregation of Client Transactions**

The Company will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between

all accounts included in any such block. Block trading may allow the Company to execute equity trades in a timelier, more equitable manner, at an average share price.

The Company's block trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with the Company, or the Company's order allocation policy.
- The Company must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- The Company must reasonably believe that the order aggregation will benefit, and will enable the Company to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, the Company identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order. However, adjustments to this pro rata allocation may be made to participating client accounts. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be approved by the Company's Chief Compliance Officer promptly, as practicable.
- The Company's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

- Funds and securities for aggregated orders are clearly identified on the Company's records and to the intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- No client or account will be favored over another.

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

### **Periodic Reviews**

All client accounts are reviewed formally on a quarterly basis by Stewart T. Officer. During that process, all client portfolios are evaluated for performance, asset allocation, rebalancing and cash flow. Clients are advised about any material changes in their portfolios as part of the quarterly review process.

More frequent reviews are performed when material market events such as economic or political events dictate a review. Reviews are also triggered when a client's personal circumstances change in a material way. Examples include retirement, inheritance, marital status, employment and family changes. Other events such as changes in the Internal Revenue Code or relocation are reasons for a non-quarterly review.

### **Regular Reports**

The Company sends each client a written, quarterly report along with a written, quarterly fee statement. In addition we also provide our clients with an overall view of the economy and markets as part of the quarterly report and any other general information we believe is useful for our clients.

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

### **Referrals**

The Company does not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients.

### **Referrals from other Professionals**

The Company does not directly or indirectly compensate any person for client referrals.

## **Item 15. Custody of Client Assets**

### **Account Statements**

The Company does have custody of client funds or securities. Clients are required to deposit all funds with their custodians and to deposit any securities directly with their respective custodians. All custodians send statements to clients at least quarterly. At the end of each quarter, the

Company sends each client a summary of assets under management, any gains or losses and a graph depicting the clients performance for the quarter compared to well-known market indices such as the Dow Jones 30 Index and the Standard and Poor's 500 Index. Clients are encouraged to compare the quarter-end values in our statements to the statements provided by their custodian and to contact us if there are any differences or questions. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We encourage our clients to rely on custodial statements as the final and authoritative source of information.

## **Item 16. Investment Discretion**

### **Discretionary Authority for Trading**

The Company accepts discretionary authority to manage securities accounts on behalf of our clients. Discretionary authority means the Company has the authority to select the securities to be bought or sold and the amounts of securities being bought or sold without the specific consent of the client. The Company consults with their clients extensively about the assets being bought or sold or the amounts of assets being bought or sold prior to any purchases or sales as a routine part of the investment advisory process.

Clients give us discretionary authority when they sign our investment agreement and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

### **Limited Power of Attorney**

All clients sign and execute a limited power of attorney before the Company will be given the authority to execute discretionary transactions. The limited power of attorney is part of the standard client account application process and is provided by the custodian.

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

The Company does not vote or participate in any proxy voting on behalf of its clients.

## **Item 18. Financial Information**

Under no circumstances does the Company require or solicit payment of fees in excess of \$1,200 more than six (6) months in advance of services rendered.

The Company does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

The Company has not been the subject of a bankruptcy petition at any time during the past ten (10) years.