

# EQUITY ADVISORS OF KENTUCKY

IARD NUMBER 116398  
SEC FILE NUMBER 801-67638

3060 WADDY ROAD  
WADDY, KY 40076  
(502) 829-9244

BROCHURE  
30 March 2022

This Form ADV Part 2A (Equity Advisors of KY) gives information about the investment advisor and its business for the use of clients and prospective clients. It does not require or imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority

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

## Item 2- Material Changes

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

Since our last annual updating amendment, dated March 25, 2021, we have made the following material changes to our Form ADV:

- Item 9 – A new disclosure event has been added.

## Item 3-Table of Contents

Item 2- Material Changes.....	2
Item 3-Table of Contents .....	3
Item 4- Advisory Business.....	4
Item 5-Fees and Compensation.....	6
Item 6-Performance-Based Fees and Side by Side Management .....	7
Item 7-Types of Clients .....	9
Item 8-Methods of Analysis, Investment Strategies, and Risk of Loss .....	9
Item 9-Disciplinary Information .....	11
Item 10-Other Financial Industry Activities and Affiliations .....	11
Item 11-Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	11
Item 12- Brokerage Practices .....	12
Item 13-Review of Accounts .....	13
Item 14- Client Referrals & Other Compensation .....	14
Item 15-Custody.....	14
Item 16-Investment Discretion.....	14
Item 17-Voting Client Securities .....	14
Item 18- Financial Information .....	15
Item 19-Privacy Policy .....	15

## Item 4- Advisory Business

### *Advisory Firm*

Equity Advisors of Kentucky assists clients in the selection of mutual funds, bonds, stocks, and other equities, balancing the investments as a total portfolio using asset allocation, which is just one part of our concept of Comprehensive Financial Planning. We also integrate budgeting and cash flow, retirement planning, estate planning, insurance recommendations, college funding, income tax planning and preparation, and consultation for business operations. We try to help clients in all these financial areas, so that they may grow their entire financial health, not just one piece of it. Our focus is on maximizing after tax return on investment.

We are a fee-only advisory firm; we execute a written Asset Management Agreement before beginning our work with clients. This agreement provides clients with the right to terminate services at any time, without any penalty charges, and in many cases a refund of the current quarterly client fee.

Equity Advisors of Kentucky Inc. (EAK) has been in business since 1985, started by Brian Guilliom, CFP, EA. Brian is the principal owner and president of the business, and has been the managing partner of the firm since its origination.

### *Assets under Management*

As of December 31, 2021, Equity Advisors manages \$113,059,445 in client assets on a non-discretionary basis, and \$18,253,812 on a discretionary basis.

### *Advisory Services*

Our financial planning services are based on the individual needs of each client. We complete an initial interview and data gathering questionnaire to determine the client's financial status, personal and investment objectives, and to give the client the chance to make overall decisions of the investment portfolio. Clients have the ability to set standing instructions with us to refrain from investing in particular investments or types of securities, or to limit amounts of funds. We review the entire investment portfolio on a quarterly basis with the client, and also gather any pertinent financial information necessary to supervise the portfolio. It is, however, the client's responsibility to notify us any time there are changes. Clients may call in at any time during normal business hours to discuss issues or details of their account, financial situation, or investment needs. Business hours are Monday through Friday from 8AM-5PM Eastern Standard Time.

EAK uses Schwab as the primary custodian for client assets. Schwab is an independent broker-dealer, not affiliated with EAK. Clients receive written or electronic transaction confirmations and monthly statements from Schwab containing a description of all account activities. EAK does not assist in the preparation or delivery of these documents. The client retains rights of ownership of all securities and funds at all times. The client may also receive statements for other assets held outside of Schwab, such as 401(K) accounts, which we will include in the supervision of the investment portfolio.

All client checks written for opening accounts, deposits, or transfers must be written to Schwab. Checks cannot be written to EAK or any of its representatives under any circumstances. Furthermore, we do not hold any client funds or securities at the firm, and cannot accept any monies from clients

in any situation.

EAK provides clients access to a client portal powered by Morningstar. The portal is utilized to store copies of key client documents uploaded by EAK or the client. Key/Important documents typically include EAK prepared Agendas, Financial Statements, Follow-up Letter, Asset Management agreements, Income Tax Documents, and Investment Performance Worksheets. Client uploaded documents often include Insurance Policies, Trust Documents, Will and Living Wills, and other important documents.

#### *Client Portfolio Programs*

EAK provides financial planning tailored to the individual client's financial and tax status and risk/reward objectives. The investment portfolios are assigned percentages of exposure to stock market related securities and income driven investments. Example categories include safer, blend, growth and aggressive investing. The financial planning we provide may be comprehensive or segmented and is focused on investments, insurance, taxes, and/or estate plans. Our client risk tolerance and asset allocation in categories are reviewed at least once annually.

#### *Other Services Provided*

EAK provides income tax planning and preparation services to clients. This work is separately performed outside of the Asset Management Agreement. The work is charged on an hourly basis and invoiced separately from financial planning fees.

EAK also provides financial planning and consulting for business owners, assisting in operations, and creating and maintaining ESOPs, which may not involve securities investments. These services are separate and different than personal financial planning. Business services may include tax planning, entity organization or dissolution, budgetary planning, accounting consultation, succession planning, and other business planning. These services are engaged with a consulting Letter of Engagement.

## Item 5-Fees and Compensation

### *Management Fees*

EAK is compensated for financial planning by charging a fee. This fee is quoted as an annual fee. Fees are paid quarterly, calculated at a rate of one-fourth of the annual fee, rounded down to the next \$25 when the fee is determined. The first payment is due and payable upon execution of the Agreement. Subsequent fees are paid quarterly (three months after the previous quarterly fee). Partial quarter billings are calculated on a pro-rata basis. The following schedule reflects the maximum management fees we charge.

<b>Assets</b>	<b>Fees Rate</b>	<b>Quarterly</b>	<b>Alternative 1</b>	<b>Alternative 2</b>
			<b>Plus 5% Appreciation</b>	<b>Plus 10% Appreciation</b>
Under \$400,000	\$5,000	\$1,250 Quarter	N/A	N/A
To \$1,000,000	1.30%	as calculated	N/A	N/A
To \$2,500,000	1.00%	as calculated	0.800%	0.25%
To \$5,000,000	.90%	as calculated	0.700%	0.20%
To \$7,500,000	.70%	as calculated	0.525%	0.15%
Over \$7,500,000	.60%	as calculated	0.375%	0.10%

Under Alternatives 1 and 2, fixed fees are lower and a portion of the growth, net of fees, is paid at year end. Under these alternatives, client expense is lower if investment values fall, and can be more if assets grow. Alternative 1 utilizes a permanent High Watermark method to calculate appreciation while alternative 2 resets the high watermark annually. Please see section 6 for further details.

Note: Effective March 31, 2018, Alternative 2 is only offered to clients who utilized this option in the previous year. Once a client moves away from Alternative 2, they cannot establish a new alternative 2 agreement.

Fees are billed quarterly in the month of the client's quarterly meeting. In the case of some long-term clients, lower fees are charged, and occasionally fees are bartered for client services. In special circumstances, work is performed on a pro bono basis.

All management fees are deducted, with client permission, from the managed accounts, according to their proportion to the total investment portfolio. Fees based on retirement assets are deducted from retirement accounts, on a pre-tax basis, in accordance with SEC regulations. Clients are mailed a fee calculation invoice. T

The account custodian also notifies the client of the fee deduction.

Clients may cancel the Asset Management Agreement at any time with written notice to the firm. In the event of a cancellation, no further fixed fees will be due, and the client may also request a refund for the current quarter billing. Appreciation is calculated and settled as part of the process. Refunds are deposited into the client account(s) from which they were deducted. The client will, however, be responsible for any fees or charges incurred from third parties as a result of any securities transaction executed. Neither EAK, Inc. nor its representatives receive compensation for the sale of any specific securities or other financial products. We recommend financial products not affiliated with EAK, Inc., and a client always has the option to purchase these investments.

All fees paid to EAK for advisory services are separate and distinct from the fees charged by mutual funds, trading commissions and transaction fees which may be charged by Schwab, and other custodians. EAK, Inc. does not receive any portion of these fees or commissions. Mutual funds recommended under advisory services will be “no-load” or “load-waived.” Whenever possible we do not recommend funds with “12(b) (1) fees, or deferred sales charges. Clients are not obligated to purchase investment products recommended, or to purchase through our firm or custodians we recommend.

All securities fees are described in each fund’s prospectus, and will usually include a management fee and other expenses. We will always do our best to stay informed of any potential fees or commissions associated with recommendations, and will advise the client of this knowledge, whenever possible.

Fees for business operations consultation, and tax planning or preparation are computed at an hourly rate. Various rates apply as determined by the person performing the service as follows:

Brian Guilliom	\$250 per hour
Staff CFP, CP Work	\$200 per hour
Paraplanner work	\$100 per hour
Office Administrative	\$35 per hour

Fees are not collected for services to be performed more than three months in advance.

EAK’s Asset Management Agreement is intended to be renewed annually, upon the anniversary of the initial agreement. In the absence of a renewal, services will continue until either party terminates the agreement with verbal or written notice. A copy of the written document will be kept in the client’s file for easy reference.

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

The performance-based fees in conjunction with a lower asset management fee listed in item 5 are options that the client may choose as an alternative to the fixed fee plan. The appreciation fee is calculated and paid after calendar year end, and at the end of an agreement, if it terminates mid-year. The appreciation fee amount is based on the growth of the client portfolio, less all fees paid already for the calendar year (i.e. the quarterly fee totals paid during the calendar year are subtracted from the total growth amount to determine the net growth amount. The additional appreciation fee is based on the net growth amount and not on the total growth amount).

The charge for the growth with Alternative 1 (Plus 5% appreciation) is on that portion of growth above the highest accumulated growth ever in the client portfolio (considering client withdrawals) that was used in a year-end appreciation calculation. In other words, if the portfolio grows 11% in one calendar year, then falls 20% the next year, the entire dollar value drop must be recovered before the client is charged for growth again.

The charge for the growth with Alternative 2 (Plus 10% appreciation) does not take into consideration the highest growth ever of the client’s portfolio and no losses are carried forward to the next year.

Per Rule 205-3, EAK can only be compensated on the basis of a share of capital gains or capital

appreciation of the funds of the client if the client is a “qualified client” as defined by Rule 205-3(d)(1). The Securities Act of 1933 states that a “Qualified Client” shall mean any person who comes within any of the following categories, or who the Advisor reasonably believes comes within any of the following categories, immediately prior to entering into the advisory contract:

1. A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;
2. A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - a. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000. For purposes of calculating a natural person's net worth:
    - i. The person's primary residence must not be included as an asset;
    - ii. Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
    - iii. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
  - b. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(51)(A)) at the time the contract is entered into; or
3. A natural person who immediately prior to entering into the contract is:
  - a. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
  - b. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

We prepare a Financial Statement once each year for every client as part of our Risk Assessment and Qualified Client confirmation.

Our Appreciation Fee arrangement may create an incentive for us to make investments that could be riskier, or more speculative. We advise the clients of this risk. Performance based compensation may also create an incentive to favor accounts paying the highest fees in the allocation of investment opportunities. As Certified Financial Planners®, EAK Inc. principals have a fiduciary duty and the company has written supervisory procedures to treat all clients fairly and avoid such conflicts of interest.



## Item 7-Types of Clients

EAK provides financial advisory services to individuals, trusts, estates, and business entities.

The minimum account size is generally \$400,000, subject to a minimum annual fee of \$5,000. This minimum fee would increase the maximum percentage rate paid on smaller accounts to more than 2%, as displayed on our standard fee schedule. However, in no case would the fee exceed 3% per year.

EAK requires no minimum time period for clients who retain financial planning services.

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

### *Investment Analysis*

Our approach to managing investments are based upon the following theories:

1. Asset Allocation
2. Market Segment Targeting
3. Portfolio Diversification
4. Tax Focused Investing
5. Continuous, long-term investing (not market timing, or day trading)

Our primary investment focus is strategic asset allocation. This strategy reflects analysis of various asset classes, such as fixed income funds, mid and large cap funds, international funds, small-cap funds and alternative investments to determine the overall portfolio mix and potential holdings. After the initial analysis, we then review each portfolio quarterly in an effort to respond to market changes, and to enhance portfolio returns. The primary risk to clients with this strategy is that we may overweight an asset class that might underperform, while underweighted assets are outperforming.

The Company identifies the Market segments that it believes offer the best chance for long term growth. As an example, the Medical Equipment market segment is favored at this time due to the increasing number of customers entering the age group which demands these products, and the general inclination of Americans to provide health care to all citizens. Other, more narrow segments are added or deleted from our mix as we deem appropriate.

EAK generally recommends the bulk of a portfolio be comprised of mutual funds, SPDRs and ETFs. The use of these products diversifies the portfolio, as they own a variety of equities, usually based upon one asset class or sector. The selection of investments included in the portfolio is based upon Morningstar's analyzed reports. These reports include data on performance, risk, style, and manager tenure, in comparison to other comparable investments.

Stocks, Exchange Traded Funds and alternative investments can be added to a portfolio, based on the desire and overall risk preference of the client, portfolio allocation goals, and specific market trends and performance. These equities are also chosen using Morningstar's performance reports, as well as other current market indicators such as inflation and interest rates. In several cases real estate becomes a part of the managed portfolio, where it generates income, appreciates and has complicated income tax alternative treatments. Our accounting skills are applied in these cases.

### *Our investment philosophies*

Each investment advisor representative is a Certified Financial Planner. As such, we operate under the Standards promulgated by the CFP Board of Standards. Included is the standard of operating in a manner that requires each CFP to always act in the best interest of the client.

1. Preservation of capital with diversification- we offer prudent investment planning and maximization of after-tax growth, based on the client's risk tolerance and length of time until retirement
2. Reduce Investment expenses such as loads, transaction fees, and management fees
3. Tax efficient strategies-our recommendations will always be made with the goal of income tax reduction in mind. Many clients don't realize how much of investment gains are lost to taxation over the long term.
4. Peace of Mind- we always try to tailor a client's portfolio to their own preferences- risk tolerance, term of portfolio, social consciousness, and other factors.

### *Risk of Loss*

Investing in securities involves risk and possible loss that the client should be prepared to bear. While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. Also, past performance may not be indicative of future results. It should not be assumed that future performance of any one specific investment or strategy will be profitable or produce equal results of the corresponding index.

EAK discloses those risks and opportunities for our investment strategy or for particular types of securities used, wherever possible. Some of these inherent risks are described below.

- Income driven securities are subject to interest rate risk
- High yield securities are corporate debt securities rated below investment grade
- International and Global equities frequently carry more risk than domestic products
- Sector funds such as energy, financial, and technology are less diversified than most funds
- By timing the buys and sells, we endeavor to control the risks, based on market, economic and political changes
- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income
- Alternative investment risks include lack of liquidity, volatility of returns, and lack of secondary markets

## **Item 9-Disciplinary Information**

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel.

July 31, 2014 - The Kentucky Department of Labor Cabinet, Department of Workers' Claims, issued a citation (#2014-0365) for Equity Advisors of Kentucky, Inc. was without workers' compensation coverage from January 02, 1997 to 2019 in violation of KRS 342.340 and KRS 342.630. The company did not have non owner employees during the entire period. Brian Guilliom, individually, and Nancy Guilliom, individually, and Equity Advisors of Kentucky, Inc. were assessed a civil penalty of \$42,500. The case was fought, through the Kentucky Circuit Court of Appeals, until 2019. Equity Advisors of Kentucky, Inc. is compliant with workers' compensation insurance requirements.

November 15, 2021- Brian Anthony Guilliom and Fon Rogers III did not renew their registration as Investment Adviser Representatives after the Firm moved from State to SEC registration. The advisers continued to transact business and collect fees while not registered for the time period of January 1, 2019, through July 26, 2019. Brian Guilliom and Fon Rogers III both accepted 30-day suspensions and a fine as a result.

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

EAK is not affiliated with any financial industry activities or affiliations, nor are any of its representatives. There are no broker-dealers, investment companies, insurance companies or professional organizations affiliated with our firm, and there are no other financial advisors to whom we would refer a client.

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

### *Code of Ethics*

The Investment Advisory Act of 1940 imposes a fiduciary duty on all investment advisors, and as a fiduciary, EAK strives to perform and act solely in the best interest of our clients. The Code of Ethics sets forth standards of conduct expected of financial planners and it also addresses trading conflicts that may arise. The Code also requires compliance with federal securities laws for personal trading by advisory personnel. This fiduciary duty compels us to act and conduct ourselves with integrity and fairness. Our clients entrust us with their financial portfolios and their future depends on this trust. Our fiduciary duty is the main principle that makes up our Code of Ethics and trading policies, and is reflected in all actions that the company takes. Our Code of Ethics is based on the following principles.

1. The interest of the client must always be placed above the firm's or any employee's own investment interests
2. Employees will not take inappropriate advantage of their position within the firm
3. Employees are expected to conduct their personal securities transactions keeping in mind any conflicts of interest with the client
4. Employees are expected to act always in the best interest of each of our clients

5. Employees are expected to be familiar with, and to comply with any State or Federal securities regulations
6. In connection with the purchase or sale of an asset held by a client, the employee will not defraud or mislead the client, or be involved in any manipulative practices with the client's assets
7. Employees will avoid conflicts of interest by fully disclosing all material facts concerning any conflict that may arise
8. If EAK or its employees buy any of the same securities, all effort is made to purchase them at the same time to avoid any possible gain or loss conflicts. We will not violate our fiduciary duty to clients in any trading transactions

A copy of our Code of Ethics is available for any client or potential client who requests it.

## **Item 12- Brokerage Practices**

### *Selection or Recommendation of Broker/Dealers*

If clients freely choose to implement advice through our firm, the custodian we recommend is Charles Schwab. EAK is not affiliated with Schwab and our representatives are not registered representatives with Schwab, nor do they receive any commission or fees from recommending funds. We recommend no-load funds for our clients whenever possible and have more than 5,000 mutual funds available thru Schwab at no added charge to account holders. Many of these funds can be traded by Equity Advisors on a "No Load" basis.

### *Soft Dollar Practices*

EAK has chosen Schwab and recommends them as the primary custodian for client funds for a few different reasons. The factors in considering the selection include a large variety of no-load funds, easy accessibility of accounts to clients via an on-line platform, and inexpensive trading fees and technical support as needed.

EAK may receive compensation from Schwab in the form of research products or services (which the "Division calls "soft dollars"). Because these benefits are offered to our firm, the Division asserts that we may have an incentive to select or recommend Schwab based on services provided, rather than the best interest of the client. Such research benefits might include the availability of stock and fund analysis tools on the Schwab platform, Morningstar ratings reports, Standard and Poors consensus reports, fixed income evaluators, and on-line form tools. We do not allocate these benefits only to clients that incur their benefits, but rather, use all resources evenly for all of our clients.

EAK also may receive soft dollar compensation from Schwab for non-research services such as educational and social-related benefits. The educational benefits include invitations to attend national and regional conferences on various industry-related matters. There is usually no charge for EAK representatives to attend these events. When we attend, we pay all related travel and lodging expense.

EAK understands its fiduciary duty for best trading, and considers all factors in making recommendations to clients. These research services prove very useful in servicing all clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services.

### *Client Referrals from Brokers*

EAK receives no referrals from other broker-dealers or representatives of Schwab. The firm does not receive any economic benefits from non-clients for its financial planning or investment trading. We do not pay any client referrals.

### *Directed Brokerage*

Our clients may direct us to use a specified broker/dealer other than our recommended custodian (Charles Schwab). In this event, it is up to the client to negotiate the commission rate, as EAK cannot. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through Schwab. Where the client does not designate a broker/dealer EAK recommends Schwab because of competitive transaction fees. At the time of this writing, Charles Schwab trades securities, not mutual funds at no commission charge.

### *Trade Aggregation*

While individual client advice is provided by each account, client trades could be executed as a block trade. The aggregation could, on average, reduce slightly the costs of execution fees, or lower the quoted price for stocks and exchange traded funds. As a company, EAK does not participate in these aggregated trades because the timing of the meetings and client permissions are scattered. We only perform trades after our quarterly reviews and when clients request funds, and then only with client permission. Each of these meetings are spread throughout the quarter's three months, and the trading follows suit.

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

### *Reviews*

EAK reviews each client portfolio once per quarter. Market conditions that might cause a wide variance in the specified asset allocation, or other mitigating factors, could cause a more frequent review, or "spot check". EAK offers each asset management client a quarterly, in-person portfolio review meeting. At this meeting, the client is presented with an investment performance worksheet (IPW) that presents a snapshot of their assets, serving as an educational review for both the advisor and the client. Any changes in a client's financial situation are noted, and an economic and stock market review are presented, along with trading recommendations. The client can then either approve the trades, or request alternatives for their portfolio. When clients consistently decline these meetings, we suggest ending our agreement. Each year we also review the client's portfolio allocation mix, allowing the opportunity for change in risk/return preferences.

### *Reports*

All clients receive the quarterly IPW from EAK, as mentioned above, and they also receive standard monthly account statements from the custodian. In addition, we create and maintain a client financial statement, which we present to the client annually to help track changes in net worth. During the fourth quarter of each year we formulate an income tax plan to help the client minimize income tax and plan for any refunds.

## **Item 14- Client Referrals & Other Compensation**

EAK does not use solicitors for potential client leads. We do not accept referral fees from any other firm or individuals, and we do not pay referral fees. If one client refers a new client, we may give the referring client a gift card for a dinner, or we may take them to dinner.

## **Item 15-Custody**

EAK has custody of client funds in the following ways:

In some cases, usually for clients who are also friends, and at absolutely no added cost, we act as Power of Attorney, or Trustee, and we may be named Executor of their estate in the client's will.

A few clients have also authorized the firm to access their 401(K) or other employer retirement accounts that are not held at Schwab. These clients receive separately prepared statements, usually on a quarterly basis, from the other custodians. We urge our clients to compare all custodial account statements against statements prepared by EAK for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors.

No custodian for any client assets allows online access to accounts with transfer of assets or money to third parties. Transfers are only allowed to other accounts with registration identical to the registration of the account owner. Change of address requests are acknowledged to the client at both the old and new address, by mail. As a result, we believe that online access to client accounts poses no risk of loss of assets to the client.

## **Item 16-Investment Discretion**

EAK does not have discretion over any client accounts. A limited power of attorney, limited to the power of executing trades on a non-discretionary basis will sometimes be obtained from clients for other custodians, such as client 401(k) accounts.

EAK does not have authority to withdraw funds or to take custody of client funds or securities, other than under the terms of the Fee Payment Authorization clause in the agreement with the client. There is one exception. With written permission from the client, EAK may deduct a fee for income tax work or business consulting from a client brokerage account.

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

EAK has the responsibility to vote proxies, unless the client requests a specific vote in a particular situation. Clients can contact us at the phone number and address listed on the first page of this document to inquire how EAK may have voted. We always try to vote proxies in the best financial and economic interest of the client, not the interest of our firm. If a material conflict arises from our voting procedures, we will seek to resolve the conflict in a timely and fair manner. These resolutions could involve documentation of the proxy, objective third party advice, or obtaining a client's consent to vote a proxy in a specific way. When requesting a client's consent, we will be certain to provide the client with adequate information so that an informed decision can be made. Situations might also arise that refraining from voting a proxy is in the client's best financial interest. A copy of our proxy voting policy is available upon request.

## **Item 18- Financial Information**

EAK accepts no pre-payment of Asset Management fees from clients.

EAK does not have any firm financial disclosure items in this section.

## **Item 19-Privacy Policy**

### *Privacy Policy*

Equity Advisors of Kentucky, Inc. (EAK), considers client privacy to be a fundamental aspect of our relationships.

We may collect, retain, and otherwise use client information for the purpose of providing planning services and meeting legal and regulatory requirements. This information may come from sources, such as the interview, account applications, investment statements and other correspondence.

We do not disclose, sell or exchange client information with outside organizations unless it is required by law.

No private information regarding any client may be disclosed except the following: We reserve the right to disclose or report personal information where we believe that disclosure is required under law, to work with regulators or law enforcement authorities. We do reserve the right to disclose information with our employees, to the extent that they are involved or responsible for the financial planning process and also to other third parties who service and maintain client accounts, to meet legal requirements that they face. We will disclose information about these third parties to the client, should the client request so.

Finally, to further safeguard digital client information we maintain password-protected systems, updated anti-virus software and use encrypted hardware and software firewalls.