

**Item 1 – Cover Page**



**LCV ADVISORS LLC**

**Disclosure Brochure - Form ADV Part 2A**

**January 26, 2026**

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This Disclosure Brochure (the “**Brochure**”) provides information about the qualifications and business practices of LCV Advisors LLC (the “**Adviser**”). If you have any questions about the contents of this brochure, please contact us at (847) 574-8645 or [dhone@lcvadvisors.com](mailto:dhone@lcvadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

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

## **Item 2 – Material Changes Summary**

The last annual update of this Brochure was filed on November 7, 2025. Since then, no changes have been made to this version of the Disclosure Brochure.

In the future, any material changes made during the year will be reported here.

### **Future Changes**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of LCV Advisors LLC.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for our firm name or by our CRD number 287457.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (847) 574-8645.

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## **Item 4 – Advisory Business**

### ***Firm Description***

LCV Advisors LLC (the “**Adviser**”) was organized as a limited liability company in the State of Illinois on May 11, 2016. The firm registered with the State of Illinois as an investment adviser in 2017. The Adviser currently provides investment advisory services to individuals, high net- worth individuals, trusts, estates, corporations and other business entities.

As of December 31, 2025, LCV Advisors LLC currently reports \$46,686,394 discretionary and no non-discretionary Assets Under Management.

### ***Principal Owners***

The Adviser’s sole owner is David F. Hone.

### ***Types of Advisory Services***

#### ***Investment Management Services***

We are primarily in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation targets. We may also review and discuss a client’s prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., 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. Fees pertaining to this service are outlined in Item 5 of this brochure.

In addition to the above directly managed account arrangements, we will also advise on certain held away investment assets for which we obtain access to provide continuous account supervision and in certain cases limited trading authority. Held away assets for which we provide continuous supervision will be billed in accordance with our standard advisory fee schedule in Item 5 unless otherwise agreed upon with the client.

#### ***Financial Planning Services***

Financial planning involves an evaluation of a Client's current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they affect and are affected by the entire financial and life situation of the Client. Clients purchasing this service will receive a written report, providing the Client with a detailed financial plan designed to help achieve the Client’s stated financial goals and objectives.

In general, the financial plan will address some or all of the following areas of concern. The Client and the Adviser will work together to select specific areas to cover. These areas may include, but are not limited to, the following:

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies and the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options and restricted stock awards, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

Financial Planning Services are offered via a comprehensive or hourly engagement.

**Comprehensive Financial Planning.** This service involves working one-on-one with a financial planner ("planner") over an extended period of time. Through this ongoing arrangement, Clients are expected to collaborate with the planner to develop and assist in the implementation of their financial plan (the "plan"). The planner will monitor the plan, recommend any appropriate changes and ensure the plan is up-to-date as the Client's situation, goals, and objectives evolve.

***Hourly Financial Planning.*** We provide hourly financial planning services on a limited scope one-time engagement. Hourly Financial Planning is available for Clients looking to address specific questions or issues. The Client may choose from one or more of the above topics to cover or other areas as requested and agreed to by the Adviser. For Hourly Financial Planning, the Client will be ultimately responsible for the implementation of the financial plan.

## **Wrap Fee Programs**

The Adviser is not engaged in wrap programs.

## **Item 5 – Fees and Compensation**

Please note, unless a Client has received this brochure at least 48 hours prior to signing an Advisory Contract, the Advisory Contract may be terminated by the Client within five (5) business days of signing the Advisory Contract without penalty or incurring any fees. At no time do we require prepayment of \$500 or more six months or more in advance of rendering the services.

How we are paid depends on the type of advisory services we perform. Below is a brief description of our fees, however, you should review your executed Advisory Contract for more detailed information regarding the exact fees you will be paying. No increase to the agreed-upon advisory fees outlined in the Advisory Contract shall occur without prior written Client consent.

### ***Investment Management Services***

The fee is based on a percentage of assets under management and is negotiable. The annualized fees for investment management services are based on the following fee schedule:

	<u>Annual Fee</u>
1st \$750,000	1.00%
Next \$750,000	0.80%
Next \$1MM	0.60%
Next \$1MM	0.50%
Over \$3.5MM	0.30%

The annual advisory fee is paid quarterly in arrears based on the value of Client's account(s) as of the last day of the billing period. The advisory fee is a blended tier. For example, for assets under management of \$1,000,000, a Client would pay 1.00% on the first \$750,000 and 0.80% on the remaining balance. The formula for the quarterly fee is determined by the following calculation:  $((\$750,000 \times 1.00\%) + (\$250,000 \times 0.80\%)) \div 4$ .

In determining the advisory fee, we may allow accounts of members of the same household to be aggregated. The Adviser relies on the valuation as provided by Client's custodian in determining assets under management. Our advisory fee is prorated for any partial billing periods occurring during the engagement, including the initial and terminating billing periods.

### ***Comprehensive Financial Planning***

The Adviser collects an initial fee of \$1,000. The initial fee covers the initial construction of the comprehensive financial plan. This work will commence immediately after the fee is paid, and the length of time required to complete and deliver the plan is dependent on several factors including the needs of the Client, the Client's ability to provide any necessary information and documentation, as well as the complexity of their financial situation. Adviser may reduce or waive the initial fee at the Adviser's discretion.

We charge a recurring fixed fee of \$250 per month paid in advance for Comprehensive Financial Planning. Fees are negotiable and the final agreed upon fee will be outlined in your Advisory Contract.

### ***Hourly Financial Planning***

Our hourly rate is \$250 (two hour minimum) and is non-negotiable. At the beginning of the engagement, an estimate of the number of hours will be provided to the Client, and will be outlined in your Advisory Contract. Fees are due upon completion of the engagement.

### **Fee Payment**

For Investment Management services, we deduct our advisory fee from one or more account(s) held at an unaffiliated third-party custodian, as directed by the Client. Please refer to Item 15 of this Brochure regarding our policy on direct fee deduction. Clients may also pay by electronic funds transfer (EFT) or check. We use an independent third party payment processor in which the Client can securely input their payment information to pay their fee. We do not have access to the Client's banking or credit information at any time. The Client will be provided with their own secure portal in order to make payments.

For Financial Planning services, fees are paid by electronic funds transfer (EFT) or check. We use an independent third party payment processor in which the Client can securely input their banking information and pay their fee. We do not have access to the Client's banking information at any time. The Client will be provided with their own secure portal in order to make payments.

### **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.



Item 12 further describes the factors that we consider in selecting or recommending custodians for Client's transactions and determining the reasonableness of their compensation (e.g., commissions).

Clients may incur fees from third-party professionals such as accountants and attorneys that the Adviser may recommend, upon Client request. Such fees are separate and distinct from the Adviser's advisory fees.

### Terminations and Refunds

For Investment Management services, the Advisory Contract may be terminated with written notice 30 calendar days in advance. Since fees are paid in arrears, no refund will be needed upon termination of the Advisory Contract. Clients will be responsible for payment of fees up to the date of termination.

For Comprehensive Financial Planning services, the Advisory Contract may be terminated with written notice 30 calendar days in advance. In the event of early termination prior to the initial plan being delivered, fees will be prorated based upon the percentage of the work done up to the date of termination and any unearned fees will be refunded to the Client. Upon termination, the ongoing fee will be prorated based upon the number of days in the billing period and refunded to the Client.

For Hourly Financial Planning services, this service is not an ongoing engagement, thus upon receipt of the final fees, the Advisory Contract will automatically be terminated. Clients may terminate at any time provided written notice. In the event of early termination by the Client, any fees for the hours already worked will be due.

### Sale of Securities or Other Investment Products

Adviser and its supervised persons do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

The Adviser does not currently charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), but reserves the right to offer fee schedules that include performance-based fees in the future.

### **Item 7 – Types of Clients and Minimum Requirements**

The Adviser generally provides investment advice to high net-worth individuals, trusts, estates, corporations and other business entities. The Adviser does not have a minimum account size requirement to open or maintain an account.

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

Below is a brief description of our methods of analysis and primary investment strategies.

### **Methods of Analysis**

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that the information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical analysis** involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

**Cyclical analysis** is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### **Modern Portfolio Theory (MPT)**

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related and an increase in risk requires an increased expected return.
- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.

- The design of the portfolio as a whole is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio performance than the selection of individual securities.
- Investing for the long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Increasing diversification of the portfolio with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.

Risks Associated with Modern Portfolio Theory: Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the Client's portfolio. In addition, we monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the Client's portfolio.

## **Investment Strategies**

### **Asset Allocation**

In implementing our Clients' investment strategy, we begin by attempting to identify an appropriate ratio of equities, fixed income, and cash (i.e. "asset allocation") suitable to the 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 equities, 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. We attempt to closely monitor our asset allocation models and make changes periodically to keep in line with the target risk tolerance model.

### **Passive and Active Investment Management**

We may choose investment vehicles that are considered passive, active, or a combination of both styles.

Passive investing involves building portfolios that are composed of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio.

Active investing involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Actively managed funds are also designed to reduce volatility and risk.

We may engage in both passive and active investing in Client's portfolio. However, we strive to construct portfolios of funds and individual securities that we believe will have the greatest probability for achieving our Clients' personal financial goals with the least amount of volatility and risk rather than attempt to outperform an arbitrary index or benchmark.

Specific investment selections are based on a number of factors that we evaluate in order to select, what we believe to be, the highest quality funds or individual securities for our Clients. These factors include but are not limited to underlying holdings of funds, percentage weighting of holdings within funds, liquidity, tax efficiency, bid/ask spreads, and other smart/strategic beta factors. These factors may or may not result in the lowest cost ETFs and mutual funds available when utilizing funds in a Client's portfolio, but we strive to keep internal fund expenses as low as possible.

### **Long-term/Short-term purchases**

We purchase securities and generally hold them in the Client's account for a year or longer. Short-term purchases may be employed as appropriate when:

We believe the securities to be currently undervalued, and/or

We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

### **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities, and any other investment or security. Material risks associated with our investment strategies are listed below.

*Risk of Loss.* While the Adviser seeks to diversify clients' investment portfolios across various asset classes consistent with their investment plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

*Management Risks.* While the Adviser manages client investment portfolios based on the Adviser's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that the Adviser allocates client assets to individual securities and/or to asset classes that are adversely affected by unanticipated market movements, and the risk that the Adviser's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, the Adviser will normally invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* The Adviser will generally invest portions of client assets directly into equity investments, primarily into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than

investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* The Adviser may invest portions of client assets into fixed income instruments, again utilizing pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* The Adviser may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

*Market Risk.* Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

*Strategy Risk.* The Adviser's investment strategies and/or investment techniques may not work as intended.

*Small and Medium Cap Company Risk.* Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the Client's portfolio.

*Turnover Risk.* Actively managed mutual funds tend to have a higher turnover rate than passive funds. A high portfolio turnover would result in higher transaction costs and in higher taxes when

shares are held in a taxable account. These factors may negatively affect the account's performance.

*Limited markets.* Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions, we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

*Interest Rate Risk.* Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

*Legal or Legislative Risk.* Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

*Inflation.* Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

### **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at

maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on factors such as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above (premium) or below (discount) their net asset value and an ETF purchased at a premium may ultimately be sold at a discount; (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Mutual Funds** When a Client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, many of which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.



## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management personnel. The Adviser has no information applicable to this Item.

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

The Adviser and its managing persons are not registered, nor do they have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

The Adviser and its managing persons are not registered, nor do they 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.

The Adviser and its managing persons do not have a relationship or arrangement with any of the following that is material to the Adviser's advisory business or to its client:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
- Other investment adviser or financial planner
- Futures commission merchant, commodity pool operator, or commodity trading advisor
- Banking or thrift institution
- Accountant or accounting firm
- Lawyer or law firm
- Insurance company or agency
- Pension consultant
- Real estate broker or dealer
- Sponsor or syndicator of limited partnerships

The Adviser and its managing persons do not recommend or select other investment advisers for its clients for which the Adviser would receive compensation directly or indirectly from those advisers that would create a material conflict of interest, nor does the Adviser or its managing persons have a business relationship with those advisers that would create a material conflict of interest.

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

The Adviser has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures,

among other things. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics annually, or when amended.

The Adviser anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which the Adviser has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which the Adviser, its affiliates and/or clients, directly or indirectly, have a position of interest. The Adviser's employees and persons associated with the Adviser are required to follow the Adviser's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Adviser and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Adviser's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the Adviser's clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics to prevent, to the extent possible, conflicts of interest between the Adviser and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with the Adviser's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. The Adviser will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a *pro rata* basis. Any exceptions will be fully documented in the relevant client file.

The Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Adviser's Chief Compliance Officer.

It is the Adviser's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross

transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

From time to time, the Adviser may cross trades between client accounts where such cross trade is in the best interest of each client and authorization for such cross trades has been provided by the relevant clients.

## **Item 12 – Brokerage Practices**

### **General Considerations – Selecting/Recommending Broker-Dealers for Client Transactions and Commission Charges**

The Adviser has full discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for an account, as well as the amount of securities to be bought or sold, in accordance with the client's advisory agreement with the firms and any investment guidelines.

#### ***The Custodian and Brokers We Use (Schwab)***

The Adviser participates in Schwab's institutional customer program and may recommend Schwab to clients for custody and brokerage services. There is no direct link between The Adviser's participation in the program and the investment advice it gives to its clients, although The Adviser receives economic benefits through its participation in the program that are typically not available to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving The Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to The Adviser by third party vendors. Schwab may also have paid for business consulting and professional services received by The Adviser's related persons. Some of the products and services made available by Schwab through the program may benefit The Adviser but may not benefit its client accounts. These products or services may assist The Adviser in managing and administering client accounts, including accounts not maintained at Schwab. Other services made available by Schwab are intended to help The Adviser manage and further develop its business enterprise. The benefits received by The Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. As part of its fiduciary duties to clients, The Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by The Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence The Adviser's choice of Schwab for custody and brokerage services.

In addition, the Adviser has discretion, in the absence of any instructions from the client, as to the broker-dealer to be used and the commission rates to be paid. In selecting a broker-dealer, the Adviser's primary focus is on "best execution". The Adviser may choose to pay a greater commission than the lowest available rate, depending on the circumstance and if it determines in good faith that the commission amount is reasonable in relation to the value of the brokerage and/or research services provided by such broker/dealer. The Adviser has no affiliations with any broker-dealers. If and when the Adviser would refer the client to a broker-dealer, the Adviser will only refer clients to broker-dealers registered in states where the client resides. The Adviser has an established broker-dealer list for consideration by the firm in deciding which firm to use for a particular security transaction. Several factors are considered prior to placing an order with a broker-dealer for execution, such as the price of the security, the size and difficulty of the order, the broker-dealer's general execution and operational capability, reliability, integrity, financial condition, and brokerage and research services.

#### Aggregation of the Purchase or Sale of Securities

All securities trade transactions are aggregated. If an aggregated order is executed by a broker-dealer at different prices, each account participating in the aggregated order will receive the daily average price obtained by the executing broker-dealer. If an aggregated transaction is not filled completely, the Adviser will allocate the partially filled transaction on an equitable basis, taking into account the need to accommodate clients' cash positions, the need to allocate in round lots, or any special client requests for cash balance usages.

#### Research and Other Soft Dollar Benefits

We currently receive soft dollar benefits by nature of our relationship with Schwab Advisors Services., member FINRA/SIPC.

The Adviser pays commission dollars for research services that provide assistance in its decision-making process. Such services may include software that serves a research function of providing data on securities, sectors and market activity, as well as econometric models, screens and databases, which are considered an integral part of the investment process. Such research services also included economic and market data and security and industry analyses. Since such research services are used in servicing all of the Adviser's accounts, each account pays its prorated share of the costs incurred. When the Adviser uses client commission dollars to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or services. It may have an incentive to select or recommend a broker-dealer based on its interest in receiving most favorable execution.

#### Client Directed Brokerage

Clients may request, in writing, to direct commissions to a specific broker-dealer. However, clients who do so may pay higher commissions on some transactions or may receive less favorable execution of some transactions, or both. In particular, if you direct commissions to a specific broker-dealer, you may not be able to participate in aggregated trades with other clients' accounts.

The Adviser does recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

### **Item 13 – Review of Accounts**

Adviser will review each account at least quarterly, or more often if investment conditions require.

Accounts will be reviewed by David Hone who will also monitor economic, investment and market conditions that might dictate changes in strategy or portfolio holdings.

Adviser will contact each client at least annually, and will meet with each client as needed to review investment needs and to provide economic analysis, performance review and other pertinent information. Clients can receive copies of confirmations from the custodian for all transactions. Clients also receive monthly custodial statements providing a summary of transactions, with the exception of qualified accounts, such as IRAs with no activity, which will receive quarterly statements from the custodian.

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

The Adviser does not currently pay any third parties for client referrals and does not receive any compensation for referrals to other investment advisers.

The Adviser receives a non-economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Item 15 – Custody**

The Adviser does not maintain physical custody of client assets, which are held by the independent qualified custodian selected by the client. All checks deposited into client's custodial accounts must be made payable either to the custodian or for the benefit of the account name.

Clients should receive account statements from their custodian at least quarterly. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For client account in which the Adviser directly debits their advisory fee:

1. The Adviser will send a copy of its invoice to the custodian at the same time that it sends the client a copy.
2. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
3. The client will provide written authorization to the Adviser, permitting them to be paid directly for their accounts held by the custodian.

## **Item 16 – Investment Discretion**

### *Discretionary Trading Authority*

The Adviser will be retained on a fully discretionary basis and will be authorized to determine and direct execution of portfolio transactions, pursuant to the terms of the relevant client's Investment Management Agreement.

### *Limited Power of Attorney*

Clients who have granted discretionary trading authority to the Adviser are required to grant a "limited power of attorney" to Adviser over client's custodial account for purposes of trading and fee deduction. The client generally grants this authority in its Investment Management Agreement, but many broker-dealers require notice of such authority of their own form of power of attorney as well.

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

It is currently the Adviser's policy not to exercise proxy voting authority over client securities. The Adviser does not have authority to vote proxies for its clients on any matters regardless of whether the Adviser's investment authority is discretionary or non-discretionary. Each client retains sole and absolute authority and responsibility to vote proxies at client's own expense with respect to investments owned by the client.

Clients will receive their proxies or other solicitations directly from their custodian. Clients are free to contact us about a particular solicitation and our office may provide them with assistance.

## **Item 18 – Financial Information**

The Adviser does not have discretionary authority or custody of client funds or securities, or require or solicit prepayment of more than \$500 in fees per client six months in advance.

We are not aware of any financial conditions that are reasonably likely to impair the fulfillment of our contractual commitments to our clients.

## **Item 19 – Requirements for State Registered Advisers**

David Hone is the sole principal executive officer and president of the Adviser. Prior to launching the Adviser, David was a lead large cap equity portfolio manager for William Blair & Co. and

Deutsche Asset Management. He began his investment career at Bankers Trust, working as an equity analyst covering large cap consumer sectors. David holds a B.A. in Economics from Villanova University. He is a member of both the New York Society of Security Analysts and the CFA Institute and is a CFA charterholder.

The Adviser is not engaged in any business other than providing investment advisory services.

The Adviser does not currently charge any performance-based fees, but reserves the right to do so in the future.

None of the Adviser's management personnel have been involved in any disclosable claims or lawsuits.

None of the Adviser or any of its management personnel has any relationships or arrangements with issuers of securities that impact the services provided by the Adviser.