

**ASSET MANAGEMENT ACCOUNT  
FIRM BROCHURE**  
(Part 2A of Form ADV)

March 25, 2026



A Division of Hazlett Burt & Watson, Inc.

1100 9 <sup>th</sup> Street Unit I Vienna, WV 26105 (304) 295-6700	1300 Chapline Street Wheeling, WV 26003 (304) 233-3312	48-50 W. Chestnut St., Ste 300 Lancaster, PA 17608 (717) 397-5988	179 E. Main Street Barnesville, OH 43713 (740) 619-0327
--	--	---	---

**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Security Capital Management (SCM). If you have any questions about the contents of this Brochure, please contact us at (304) 233-3312. 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.**

**SCM is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

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

**ITEM 1: COVER PAGE** - Please refer to previous page.

**ITEM 2: MATERIAL CHANGES**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

There are no material changes in this brochure from the last amendment of the Asset Management Account Firm Brochure dated November 10, 2025.

Pursuant to SEC Rules, Security Capital Management will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of SCM's fiscal year end, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as SCM experiences material changes in the future, we will send you a summary of our "Material Changes". For more information about SCM, please contact SCM by phone at (800) 537-8985

Additional information about SCM and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or please visit our web site at [www.hazlettburt.com](http://www.hazlettburt.com).

### ITEM 3: TABLE OF CONTENTS

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
ITEM 1:	COVER PAGE.....	2
ITEM 2:	MATERIAL CHANGES.....	2
ITEM 3:	TABLE OF CONTENTS.....	3
Item 4:	ADVISORY BUSINESS.....	4
ITEM 5:	FEES AND COMPENSATION.....	7
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	11
ITEM 7:	TYPES OF CLIENTS.....	11
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
ITEM 9:	DISCIPLINARY INFORMATION.....	13
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	14
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
ITEM 12:	BROKERAGE PRACTICES.....	15
ITEM 13:	REVIEW OF ACCOUNTS.....	18
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION.....	18
ITEM 15:	CUSTODY.....	20
ITEM 16:	INVESTMENT DISCRETION.....	21
ITEM 17:	VOTING CLIENT SECURITIES.....	22
ITEM 18:	FINANCIAL INFORMATION.....	22

## Item 4: Advisory Business

### A. Description of Firm

Security Capital Management (SCM) is a Division of Hazlett Burt & Watson, Inc (Hazlett), and is an investment adviser registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. Hazlett is also a broker-dealer registered with the SEC under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Hazlett has been in the securities business for over 100 years.

Hazlett and SCM is a wholly owned subsidiary of HB&W, Inc., a privately owned holding company, with no individuals owning 25% or more of the company.

SCM provides customized investment management services to individuals, high net worth clients, trusts, estates, small businesses, charitable organizations, and pension/profit sharing plans. As discussed more fully below, Security Capital Management assists clients in investment management and consultation, determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, education funding, retirement planning, and estate planning. Some of the investment instruments Security Capital Management advises its clientele on include, among other things, mutual funds, exchange traded funds ("ETFs"), equities, bonds, treasuries, options and/or limited partnership interests. Additionally, some of the mutual funds, ETFs or limited partnership interests SCM recommends to clients may invest in commodities and/or real estate.

### B. Types of Advisory Services Offered

Security Capital Management primarily provides two types of advisory services: Investment Management Services and Financial Planning Services. Each of these services is described more fully below.

#### 1. Investment Management Services

Security Capital Management's Asset Management Account program offers clients Investment Management Services that encompass the traditional asset classes of fixed income, domestic equities and foreign securities, but can also include alternative asset classes. SCM will manage a client's investment portfolio on either a non-discretionary or discretionary basis and may assist the client in the establishment of the necessary custodial account(s). SCM's Asset Management Account includes ongoing account monitoring and quarterly performance reporting, but does not include custodial or brokerage services, which costs will be separate and in addition to the investment advisory services account fees. When managing a client's investment portfolio on a non-discretionary basis SCM will make investment recommendations to you and you will make the ultimate decisions regarding the purchase or sale of investments. When SCM manages a client's investment portfolio exercising discretionary authority, SCM will make appropriate "buy, sell, hold" decisions as it believes they are needed using SCM's portfolio management

methodology. SCM provides Investment Management Services based on a personalized understanding of each client's independent investment objectives.

SCM's Investment Management Services typically begin through the gathering of information and completion of an Investment Policy Statement for each client, or other similar documentation process. Based upon this information, SCM selects the appropriate allocation for the client's assets.

SCM employs a defined process for each step in the investment management cycle including goal setting and risk/return profiling, asset allocation modeling, investment selection and implementation, and ongoing monitoring and reporting. This approach helps to provide a robust process to provide long-term investment solutions. Depending upon the strategy selected by SCM and the client, SCM may invest client assets in various sectors and securities, including but not limited to: mutual funds, ETFs, stocks, bonds, treasuries, private funds and/or real estate investment trusts ("REITs"). Please refer to Item 8 for more information on Security Capital Management's investment strategies, methods of analysis and their associated risks of loss.

As noted above, when Security Capital Management manages client assets on a fully discretionary basis, SCM selects, without first obtaining client's permission, (1) the securities to be bought or sold; and (2) the amount of securities to be transacted and whether it will be individually or block traded. Security Capital Management's discretionary authority may be subject to conditions imposed by a client. This may occur when a client restricts or prohibits transactions in a security for a specific company or for an industry sector, or requests that SCM place trades with a specific broker-dealer (aka "directed brokerage"). For more information on SCM's discretionary authority and brokerage practices please refer to Items 12 and 16.

While SCM generally does not allow for unreasonable restrictions on the Investment Management Services it provides, clients are allowed to impose reasonable restrictions on the types of securities, sectors and/or industries they do not want to be included in their portfolio. Such restrictions must be communicated to SCM in advance and documented in writing. Once this information is gathered initially, each client is responsible for informing SCM in writing of any changes to these restrictions or to their overall investment objectives. SCM does not assume any responsibility for the accuracy of the information provided directly by its clients or the failure of clients to inform SCM of changes to their investment or financial objectives.

## 2. Financial Planning Services

Financial Planning Services include the initial writing and formulation of a personal financial plan, with recommendations and supporting written work as necessary, and may include the ongoing tracking of the client's progress in achieving the personal financial goals targeted in the plan. The scope of Financial Planning Services selected is defined in advance and agreed upon between SCM and the client. Fees for Financial Planning Services are defined below under Item 5: Fees and Compensation.

The Financial Planning Services process typically begins with the collection, organization, and

assessment of relevant client data, including information concerning the client's lifestyle, risk tolerance, and cash flow, as well as identification of the client's financial concerns, goals, and objectives. The primary objective of this process is to allow SCM to assist the client in developing a strategy for successful management of income, assets, and liabilities in order to help meet the client's individual financial objectives. To help achieve this objective, SCM may perform ongoing tracking of the client's progress in achieving his or her financial goals.

### **C. General Information About Security Capital Management's Advisory Services**

#### **1. Gathering Individual Client Information**

As explained above, Investment Management Services provided by Security Capital Management are customizable based upon the individual needs, objectives, and other financial goals of the client. Early on in the relationship, SCM will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the client's Investment Policy Statement.

This information, together with any other information relating to the client's overall financial circumstances, will be used by SCM to determine the most appropriate asset allocation and investment strategy to best meet the client's financial goals. There may be times when certain restrictions are placed by a client which prevent SCM from accepting or continuing to service the client's account. Security Capital Management reserves the right to not accept and/or terminate a client's account if it feels that the client-imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives.

Security Capital Management will not assume any responsibility for the accuracy of the information provided by the client. SCM is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying SCM in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies SCM of changes in the client's financial circumstances, SCM will review such changes and may recommend revisions to the client's portfolio.

#### **2. Advisory Agreements**

Prior to engaging Security Capital Management to provide investment advisory services, the client will be required to enter into a written agreement ("Client Agreement") with SCM setting forth the fees to be charged and the terms and conditions under which it will render its services. Security Capital Management will provide a Form ADV Brochure to each client or prospective client prior to or contemporaneously with the execution of a Client Agreement. The advisory relationship will continue until terminated by the client or SCM in accordance with the provisions of the Client Agreement.

**D. Wrap-Fee Programs**

SCM does offer a wrap fee program. For more information on that program, please refer to SCM's Wrap Fee Program Brochure, copies of which can be obtained from your Financial Advisor, or by calling (800) 537-8985.

**E. Assets Under Management**

As of 12/31/2025, the following represents the amount of client assets under management by Security Capital Management on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	747,883,797
Non-Discretionary	640,650,405
Total:	1,388,534,202

**ITEM 5: FEES AND COMPENSATION**

**A. Advisory Fees**

Prior to engaging Security Capital Management to provide advisory services, the client will be required to enter into a written Client Agreement with SCM setting forth the terms and conditions and the fees under which it will render its services. Fees may be subject to negotiation under certain circumstances as agreed on by SCM and the client. The following schedule of fees outlines the typical fee structure under which Security Capital Management renders its services. The actual schedule of fees, as it applies to a particular client, will be clearly outlined in the Client Agreement.

1. Fees for Investment Management Services

Security Capital Management charges fees for Investment Management Services as follows:

- a. Percentage of Managed Assets: Clients pay an annualized quarterly advisory fee ("AUM Fee") in arrears based on fair market value of the assets under management (as reasonably determined in good faith by Security Capital Management) as of the close of business on the last business day of the calendar quarter. The AUM Fee is generally computed as the combination of Management and Platform Fees as follows:

### Management Fee

Assets Under Management	Advisory Fee (% AUM)
Up to \$500,000	1.75%, plus
Between \$500,001 and \$1,000,000	1.50%, plus
Between \$1,000,001 and \$2,500,000	1.35%, plus
Between \$2,500,001 and \$5,000,000	1.15%, plus
Between \$5,000,001 and \$10,000,000	0.95%, plus
In excess of \$10,000,000	0.75%

### Platform Fee

Assets Under Management	Advisory Fee (% AUM)
Up to \$250,000	0.120%, plus
Between \$250,001 and \$500,000	0.080%, plus
Between \$500,001 and \$1,000,000	0.040%, plus
Between \$1,000,001 and \$2,000,000	0.030%, plus
Between \$2,000,001 and \$5,000,000	0.015%, plus
In excess of \$5,000,000	0.010%

A minimum \$100.00 annual Platform Fee will be incurred on each Advantage Account. The Platform Fee is intended to defray a portion of SCM's operating costs related to the Asset Management Account program, but does not include commissions, clearing or execution costs. The Platform Fee is not charged on 529 Plan and other accounts held directly with mutual fund companies.

AUM Advisory fees are billed quarterly and prorated based on the number of days that an account is open during the quarter. SCM can reduce or waive entirely its Investment Management Fee for client accounts, in SCM's sole discretion

When SCM provides Investment Management services, as detailed above SCM earns a fixed percentage asset-based fee, regardless of how much trading activity occurs in your account. Since our advisory fee is based on the value of your assets, we have an incentive to increase the value of your account, and in some cases, to recommend that you "switch" account types from a brokerage account to an investment advisory account. This creates a conflict of interest, as we may be incentivized to recommend that you add more money to your account, discourage you from withdrawing assets from your account, or "switch" your account type to an investment advisory account, even if it is not in your best interest. Additionally, because your account fees are based on the value of your account assets, an incentive exists to trade less frequently in your account. These incentives create conflicts of interest that SCM manages through its compliance oversight program.

Further, SCM's Investment Management Services costs may be higher than those under a traditional commission-based brokerage arrangement if you do not trade frequently. If you are a "buy-and-hold" investor, the fixed percentage asset-based fee you pay us for investment

management and financial advice may cost you more than the trading commissions you would pay in a brokerage account. Please refer to the firms' Form CRS Relationship Summary disclosure document, which provides an explanation of the differences between brokerage services and investment advisory services. A copy of this Form can be obtained by visiting our website at [www.hazlettburton.com/regulation-bi](http://www.hazlettburton.com/regulation-bi) or by contacting your financial advisor.

## 2. Fees for Financial Planning Services

Fees for Financial Planning Services are charged in one of three ways:

- i. Hourly Basis: Hourly fees are charged at a rate of \$300.00 per planner-hour, including meeting time and preparation time ("Hourly Fee"). Support staff time may be billed at a lower rate where appropriate. The first month's fees will be billed against an initial deposit, with the deposit amount agreed on in advance and set forth in the written agreement between the Client and SCM. Billing for Financial Planning Services is quarterly in arrears or on completion.
- ii. One-time/flat fee: Clients pay a flat fee and make a deposit against the fee as agreed in advance and set forth in the written agreement between the Client and SCM. The balance is due upon completion of Financial Planning Services.
- iii. Hourly Fee with a Guaranteed Maximum (Capped Hourly Fee): Clients agree to pay SCM's Hourly Fee, subject to an agreed-upon maximum total fee as agreed in advance and set forth in the written agreement between the Client and SCM, subject to the scope of the work not changing significantly. The first month's fees will be billed against a deposit as agreed in advance. Billing is quarterly in arrears.

We encourage you to consult with your attorney, accountant, insurance agent and/or other trusted advisors regarding any recommendations that result from the financial planning services provided to you.

## **B. Billing Method**

Fees are usually deducted from a designated client account or accounts to facilitate billing. The client must consent in advance to direct debiting of their investment account. Payment by check is also acceptable.

## **C. Other Fees and Expenses**

Clients should be aware that they will be responsible for all fees imposed by the custodian for trading and other related costs, which can include but not be limited to brokerage commissions, transaction costs, custodian fees, transfer fees, redemption fees on short-term investments, cashing fees and/or taxes or penalties levied by governmental authorities.

In addition, Security Capital Management invests in open-end mutual funds and exchange traded funds in client portfolios. These funds charge fees to their shareholders, which are described in their respective prospectus and usually include a management fee, administrative and operations fees, and certain distribution fees (e.g., 12b-1 fees). These fees are generally referred to as a

fund's "expense ratio" and the fees are deducted at the mutual fund level when calculating the fund's net asset value ("NAV") and have a direct bearing on the fund's performance. Certain mutual funds also charge an up-front or back-end sales charge and and/or redemption fees. In addition, some open-end mutual funds offer different share classes of the same fund and one share-class can have a higher expense ratio and sales/redemption fees than another share class. The most economical share class will depend on certain factors, including the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios and sales/redemption fees vary by fund, so it is important for clients to read the mutual fund prospectus to fully understand all the fees charged.

Security Capital Management strives to purchase the lowest cost mutual fund share class available to its clients. However, there have been times in the past, and there will be times in the future, when Security Capital Management does not have access to lower cost share classes. This will happen, for example, when the client's custodian does not offer a lower cost share class for some or all of the mutual funds bought for and/or held in clients' accounts, the client's account type is not eligible to invest in certain share classes, or the investment amount does not meet the share class minimum investment requirement.

Transaction fees also play an important role in the overall costs when investing in mutual funds. For example, some broker-dealers will not charge a transaction-based fee on a mutual fund trade, but will charge a flat "penalty" fee if the shares are sold within a short-term time period.

Other fees a client can incur include, but are not limited to, custodian fees, brokerage commissions, transaction fees, sub-advisor fees, cashiering fees and/or taxes/penalties levied by governmental authorities. SCM does not receive any portion of these fees or expenses and seeks to negotiate and minimize these fees wherever possible. When managing clients' assets, we take into consideration the overall costs to a client, and we strive to make transaction decisions that are the most economical for a client based on the then prevailing facts and circumstances. However, in some situations such as with unexpected cash needs or avoiding capital gain distributions, fees such as short-term redemption fees can be incurred. In these situations, SCM will endeavor to only incur these fees when it is determined to be in the client's best interest.

All fees paid to Security Capital Management for its services are separate and distinct from the fees and expenses outlined above.

Importantly, all the fees charged to a client's account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, transaction fees, fees associated with investments (e.g., mutual funds and ETFs), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### **D. Termination of Services**

Either the client or Security Capital Management may terminate SCM's services at any time

upon written request and or notice. Upon termination of SCM's services, since SCM bills advisory services in arrears, SCM will calculate and charge any final AUM advisory fees owed upon receiving request/notice of termination.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Security Capital Management does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, Security Capital Management does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as fees based on the client's assets under management). As described above, Security Capital Management provides its services for a fixed fee, hourly charges and/or based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1).

## **ITEM 7: TYPES OF CLIENTS**

Security Capital Management provides advisory services primarily to individuals and high net worth individuals, as well as to families, trusts, estates, pension and profit sharing plans, charitable organizations, and other business entities.

The minimum account size for Investment Management Services is generally \$25,000. However, Security Capital Management may accept smaller portfolios or maintain portfolios whose value has fallen below \$25,000 in SCM's discretion.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis**

In formulating investment advice and managing assets, Security Capital Management analyzes various economic factors and conditions utilizing available market publications along with third-party research subscriptions to help forecast the future economic environment as well as the future potential returns of individual investments. This in turn guides SCM's asset allocation decisions and the selection of investments suitable for particular investment portfolios. Clients should be aware that investing in securities involves risk of loss that they should be prepared to bear.

### **B. Investment Strategies**

The primary investment strategy used to implement any investment advice given to clients is asset allocation. Based on SCM's economic forecast and client-driven factors such as desired rate of return, aversion to risk, investment time horizon, tax consequences, and other constraints,

investments are typically diversified across different asset classes and investment styles.

### C. Risk of Loss

Investing in securities involves a significant risk of loss, and all investments have certain risks that are borne by the investor. Security Capital Management's methods of analysis and investment strategies aim to keep the risk of loss in mind. Some of risks of loss a client should be aware of include, but are not limited, to the following:

1. Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
2. Market Risk: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
3. Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
4. Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
5. Political and Legislative Risks: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States.
6. Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
7. Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
8. Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
9. Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Investment strategies of our financial advisors may include investing on a long-term basis, a short-term basis, or both. As previously noted, you may place reasonable restrictions on the strategies to be employed by your financial advisor in your account.

Although your financial advisor will manage your account in accordance with your stated investment objectives and risk tolerance, there can be no guarantee that those efforts will be successful. General economic conditions, current interest rates, the performance of a particular industry or a particular company, and any number of other factors can affect investment performance both positively and negatively.

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as Security Capital Management are required to disclose all material facts regarding any legal or disciplinary event that would be material to a client's or prospective client's evaluation of SCM or the integrity of its management.

In February 2018, the Securities and Exchange Commission ("SEC") announced the creation of the Share Class Selection Disclosure Initiative ("SCSD Initiative"). The central issue identified by the SEC was that, in many cases, investment advisers bought for, or recommended to their Clients, mutual fund share classes that had distribution or service fees (commonly known as 12b-1 fees) paid out of fund assets to the advisers when lower-cost share classes were available to those Clients, and the investment advisers did not adequately disclose their receipt of 12b-1 fees and/or the conflict of interest associated with the receipt of these fees. Many firms voluntarily participated in the SCSD Initiative, where these firms could consent to an Order Instituting Administrative and Cease-And-Desist Proceedings ("Order"), where without admitting or denying the SEC's findings contained in the Order, participating firms could make payments to affected Clients.<sup>1</sup> In March 2019, SCM, along with many participating firms, agreed to the Order entered by the SEC.

By voluntarily self-reporting, SCM agreed to a censure and to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940. Moreover, in the Order SCM agreed to establish a distribution fund and to deposit into that fund disgorgement of the improperly disclosed 12b-1 fees, plus prejudgment interest, for payment to affected Clients. Once the calculations and distribution amounts were determined and approved by the SEC for each affected Client, SCM made the distributions to affected Clients and submitted to the SEC a final accounting and certification regarding the disposition of the distribution fund. More information about the Order is contained in SCM's Form ADV, which is available on the SEC's Investment Advisory Public Disclosure website. Please visit the website at <https://www.adviserinfo.sec.gov/IAPD/Default.aspx> or refer the SEC's press release about the SCSD Initiative at <https://www.sec.gov/news/press-release/2019-28>.

<sup>1</sup> The term "affected Clients" includes current and former SCM investment advisory Clients who purchased and held in their investment advisory accounts at SCM from January 1, 2017 through June 30, 2018 (the "relevant period") mutual fund share classes that paid 12b-1 fees that were retained by SCM. Affected Clients specifically include persons who held money market mutual fund shares in advisory accounts through SCM's core sweep program during the relevant period, subject to a *de minimis* exception.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As previously noted, Security Capital Management is a division of Hazlett Burt & Watson, Inc, which is registered with the SEC as both an investment advisor and broker-dealer. Our broker-dealer is a FINRA member. All of our financial advisors are also registered representatives of the broker-dealer.

When you engage Hazlett for brokerage services (outside of an investment advisory account), registered representatives make recommendations to and effect securities transactions for their clients in a traditional brokerage account, and registered representatives are compensated for these services through commissions, markups/markdowns and other transaction-based fees. In our capacity as a broker-dealer/registered representative, a conflict of interest exists when Hazlett and its' registered representatives are compensated by transaction-based fees. This is because we have an incentive to recommend you trade more frequently or to recommend products that generate a higher commission for us, rather than recommend investments that may be less expensive or more suitable for your needs. Hazlett manages these conflicts of interest through its' compliance oversight program.

SCM has arrangements that are material to its advisory business or its Clients with a related entity, Hazlett, Burt & Watson, Inc., a registered broker/dealer (Hazlett). Hazlett, through its clearing provider, National Financial Services (NFS), provides trade, execution and custody services for SCM under separate wrap fee arrangements. Hazlett is also an insurance agency, and is affiliated with Security National Trust Co. (SNTC), a nationally chartered non-depository trust bank. SNTC is a wholly owned subsidiary of the parent holding company which also owns Hazlett.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics Summary**

The principals and staff of Security Capital Management have adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. SCM owes a duty of loyalty, fairness and good faith towards its clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **B. Participation or Interest in Client Transactions and Personal Trading**

Neither Security Capital Management nor any of its employees act as general partner in a partnership in which clients are solicited to invest or as an investment adviser to a mutual fund or other investment company that is recommended to clients. Based upon a client's stated objectives, Security Capital Management may, under certain circumstances, recommend the purchase or sale of securities in which SCM or its affiliates have an interest. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of Security Capital Management's fiduciary duty to clients, SCM and its associated persons will endeavor at all times to put the interests of the clients first, and at all times are required to adhere to SCM's Code of Ethics.

SCM and its representatives may engage in personal securities transactions. The personal securities transactions of SCM and its representatives may raise potential conflicts of interest when such persons trade in a security that is i) owned by a Client or ii) considered for purchase or sale for a Client. SCM has adopted policies and procedures that are intended to ensure that transactions are affected for Clients in a manner that is consistent with its fiduciary duty and in accordance with applicable law. Persons who wish to purchase or sell securities of the types purchased or sold for Clients may do so only in a manner consistent with SCM policies and procedures.

To help mitigate any real or potential conflicts of interest associated with these practices, our Compliance Department, under the direction of the Chief Compliance Officer of Security Capital Management reviews employee trades involving reportable securities each quarter and holding reports annually. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, and that clients of SCM receive preferential treatment. Since most employee trades are small equity trades, mutual fund trades or exchange-traded fund trades, the transactions generally do not affect the securities markets.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selection Criteria**

As a fiduciary, we endeavor to act in our client's best interest at all times. When your financial advisor manages your investment account, unless directed otherwise, our broker-dealer Hazlett through its' clearing relationship with, National Financial Services, LLC (NFS), will execute all transactions for your account. In those instances, you will be directed to utilize SCM's Advantage Account, which is a Wrap program that provides Investment Advisory Services and additional bundled services which include custodial services and other brokerage trade services. When Hazlett is appointed as broker, relevant factors considered by SCM and the Client are the execution capabilities, third-party research, and other services, as well as the value of an ongoing relationship provided by Hazlett (and its clearing provider NFS), which is expected to

enhance the general portfolio management relationship with SCM. Account services, including clearing and execution, securities and money movement, tax reporting, custody and provision of brokerage statements, will be provided by Hazlett through its clearing relationship with National Financial Services (NFS). Please refer to the firms' Advantage Account Firm Brochure for more information on our Advantage Account Wrap program. A copy of which can be obtained by contacting your financial advisor.

SCM does not require clients to execute transactions through a specified broker-dealer. You can direct us in writing to use another securities brokerage firm or another financial institution (such as the trust department of a bank) to execute the transactions for your investment advisory account. If you do so, you will be directed to utilize SCM's Asset Management Account, which is a Non-Wrap program that provides Investment Advisory Services only whereby custodial and other brokerage trade services are contracted separately by the client through another financial institution. If you direct SCM to utilize another financial institution, the transaction fees and other expenses incurred for those custodial and brokerage services will be in addition to the percentage asset-based fee we charge for the Investment Advisory Services as part of your Asset Management Account. Clients may pay higher transaction costs as a result of a broker-directed account by a client.

When you direct us to execute transactions for your investment advisory account through another securities brokerage firm, you will be responsible for negotiating the terms and arrangements for the account with that firm. This includes negotiating transaction charges, obtaining volume discounts, and ensuring best execution among other considerations.

SCM reserves the right to decline the client's request for custodial and other brokerage services away from SCM if the financial institution is unable to efficiently connect to our advisory account management and reporting platform or other factors we deem prohibitive. Please refer to the various sections in this Asset Management Account Firm Brochure for more information on our Asset Management Account Non-Wrap program.

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

SCM does not have any arrangements to receive soft dollar benefits in connection with client securities transactions.

However, Security Capital Management does receive products and services from National Financial Services (NFS), that may be used to service all or a substantial number of our clients' accounts, including accounts not maintained at NFS. NFS and other firms may waive or discount fees for these products and services at its discretion. NFS and other firms also make available other services intended to help SCM manage and further develop our business enterprise, including consulting, publications, practice management conferences, information technology, business succession planning, regulatory compliance, and marketing. In addition, NFS and other firms may make available, arrange and/or pay for these types of services by independent third parties.

NFS and other firms may discount or waive fees it would otherwise charge for some of these

services or pay all or a part of the fees of a third-party providing these services to SCM.

As a fiduciary, we endeavor to act in our clients' best interests at all times. Our recommendation that clients maintain their assets in accounts at NFS is based solely on the nature, cost or quality of custody and brokerage services provided by NFS regardless of any other products or services which may be provided to SCM. We are aware, however, that the availability of some of the foregoing products and services may create a potential conflict of interest.

### **C. Brokerage for Client Referrals**

Security Capital Management does not pay compensation to receive client referrals from any broker-dealer or third party. Additionally, and as explained more fully in Item 14 below, Security Capital Management does receive economic benefits for referring clients.

### **D. Aggregation of Orders**

We could engage in "block trading," which is the purchase or sale of a security for the accounts of multiple clients in a single transaction. If a block trade is executed, each participating client receives a price that represents the average of the prices at which all the transactions in each block were executed. If the order is not filled entirely, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

Block trades are placed only when we reasonably believe that the combination of the transactions provides better prices for clients than had individual transactions been placed for clients. Transactions for non-discretionary client accounts are generally not blocked with transactions for discretionary client accounts. Transactions for the accounts of our financial advisors and employees may be included in block trades. They will receive the same average price as clients. Transactions for the accounts of our financial advisors or employees will not be favored over transactions for client accounts.

We are not obligated to include any client transaction in a block trade. Block trades will not be affected for any client's account if doing so is prohibited or otherwise inconsistent with the client's investment advisory agreement. No client will be favored over any other client.

### **E. Trade Error Policy**

When an error is discovered, or brought to the attention of SCM, such errors shall be promptly brought to the attention of SCM's trading desk. Error corrections may need to be delayed for review purposes and/or consultation with the client. SCM will use its best efforts to resolve all trading errors in a timely manner. When trading errors result in a loss, the party, or client, responsible for the error shall bear the cost of the error. In those instances where a client directed error results in a gain, the client shall be given the option of retaining the transaction (by adding additional funds if necessary, otherwise all errors resulting in a gain, such gains are retained by SCM. The SCM Financial Advisor does not participate in any resulting gains.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Review of Accounts and Reviewers**

Account performance, Client suitability, and fiduciary responsibilities are monitored on a daily, quarterly or on an annual basis in an effort to determine that the services provided are deemed appropriate in light of the Client's financial situation and stated objectives. More frequent reviews may be prompted by changes in market conditions, or changes in a Client's investment objectives. On a periodic basis, advisors are required to contact their Clients, and maintain documentation for purposes of compliance review and analysis. All Client accounts are reconciled as to positions and transaction activity on a monthly basis.

As previously noted, we strongly encourage you to inform your financial advisor of any changes in your personal circumstances, your investment goals or objectives, and your risk tolerance to ensure that your investments and investment strategies are most appropriate for you. In addition to the reviews done by your financial advisor, our Compliance Department, under the direction of our Chief Compliance Officer, monitors client accounts on an on-going basis to ensure that the investments and transactions in those accounts are consistent with the information we have been provided.

### **B. Regular Reports**

Security Capital Management typically sends written quarterly reports to all Investment Management Services clients. The reports include Investment Portfolio Holdings Summaries and Performance Reports. For accounts, assets or other investments that a client does not want to be actively managed by SCM, Security Capital Management will not generally provide performance reports for these "Unmanaged" accounts, assets or other investments. Additionally, SCM may not provide holding summaries for all client accounts. Clients are urged to carefully compare quarterly reports sent by SCM with statements sent by other third parties, such as those sent by the client's custodian.

The Client's custodian will provide Clients with a statement (at least quarterly) identifying the amount of funds and of each security in their account at the end of the reporting period, as well as setting forth all transactions in the account during the reporting period. Trade confirmations will be provided by the custodian. SCM will generally communicate with its Clients via letters, newsletters and other SCM generated literature.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

SCM has been fortunate to receive many Client referrals over the years. The referrals have come from current Clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these

referrals.

From time to time, we initiate and maintain incentive programs for our financial advisors. These programs may compensate them for referring business when appropriate to our affiliate, Security National Trust Company (SNTC). The referral compensation takes the form of a payment to the financial advisor of a percentage of the normal SNTC account fees and results in no additional fees to you or other Clients.

SCM endeavors to be civic minded and generally makes charitable contributions to various organizations within the markets we serve. Such gifting is at the will and discretion of SCM's management, and such gifting may either directly or indirectly benefit individuals who are also clients of SCM.

In addition, SCM has a referral arrangement in place with an unaffiliated Investment Banker. SCM may, when appropriate, refer an existing SCM client for investment banking services and receive compensation for such referrals. The referral compensation takes the form of a payment to the financial advisor of a percentage of the normal investment banking fees, and results in no additional fees to you or other Clients.

Certain mutual funds (and/or their related persons), in which a Client may invest, make 12b-1 fee payments to broker/dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's assets, and therefore, indirectly paid by the Client. In the event SCM receives 12b-1 payments from mutual fund companies, SCM has made arrangements with its clearing and execution provider to automatically rebate these fees back to the client.

On occasion, SCM may enter into principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to an advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Such offerings will not be executed without disclosing inherent conflicts of interest, such as additional compensation, or without the written consent of the Client. Any such consent may be withheld by the Client, or be revoked at any time prior to the settlement of the trade. When proprietary offerings are purchased after the opening of an SCM account, these securities may be excluded for nine to thirty-six months, respectively, from the calculation of advisory fees. Such exclusions are at the discretion of SCM and are negotiable. Also, SCM may affect "cross" transactions between Clients in which one Client will purchase securities held by another Client. Such transactions are only entered into with the written authorization of both Clients, when SCM deems the transaction to be in the best interest of both Clients, and at a price that has been determined to be fair to both parties in light of prevailing market conditions.

As part of SCM's other business activities, the firm's Advisors may affect securities transactions for or sell insurance products to Clients. SCM may be receiving a fee for investment advice in advisory accounts and representatives may be receiving a separate, yet customary, commission for

any transactions effected in Hazlett brokerage accounts. Such conflicts of interest will be disclosed in advance to the Client, at which time the Client may decline to authorize such recommendations.

The securities brokerage and insurance services offered by Hazlett are separate from the investment advisory services SCM offers. You are under no obligation to utilize the services of your financial advisor in the purchase or sales of securities or insurance products in their capacity as a registered representative or a licensed insurance agent. Any transaction you make through your financial advisor in either of those capacities, however, will likely result in compensation to your financial advisor and to Hazlett in the form of commissions and other transaction-related compensation. A conflict of interest exists in directing business to Hazlett, our broker-dealer, as compensation received will increase the revenues to SCM and Hazlett overall.

In addition, your financial advisor receives compensation as a result of a Client's participation in an investment advisory account for providing portfolio management services and financial advice. This compensation is based on a tiered-percentage structure of the total management fees charged to a Client's Advisory Account, and as such the percentage increases as higher levels of management fees are earned by each financial advisor. This creates a conflict of interest, as your financial advisor has an incentive to increase the value of your account and thereby also their compensation. This also may incentivize your financial advisor to recommend you invest more money in your advisory account, or to discourage you from withdrawing assets from your account, even if it is not in your best interest. Such compensation may be more than what the financial advisor would receive if the Client paid separately for investment advice, brokerage, and other services, and may create a financial incentive for a financial advisor to recommend participation in an investment advisory account over other account programs and services.

Hazlett receives a Business Development Credit, a Technology Services Credit and a Net Flows Credit from National Financial Services (NFS) as part of Hazlett's clearing and custody agreement with NFS. Because of this arrangement, SCM and Hazlett has an incentive to direct trades to NFS, which incentives represent a conflict of interest. This arrangement has been entered into for the purposes of the efficiency of operation and the reliability of the custody and trading services NFS provides Hazlett clients.

## **ITEM 15: CUSTODY**

Pursuant to Rule 206(4)-2 of the Advisers Act, because SCM has the authority and ability to debit its fees directly from clients' accounts, SCM is deemed to have "constructive custody" of accounts in which advisory fees are deducted. In some cases, SCM may also be deemed to have constructive custody over accounts in which it's affiliated broker-dealer Hazlett Burt & Watson, Inc has the ability to accept deposits and/or effect disbursements from your investment accounts via a "Standing Letter of Authorization" (SLOA) to direct funds to a third party.

To mitigate any potential conflicts of interests, client assets are maintained with an independent qualified custodian. Furthermore, clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to

carefully review custodial statements and compare them to the quarterly holdings and performance reports provided by SCM. SCM's quarterly reports may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

We do not accept "Standing (SLOA)" authorization from clients to disburse funds to third parties unless the SLOA meets all the conditions in SEC No-Action Letter 2/21/17), specifically that the SLOA does not allow SCM to designate or change the identity, address or any other information about the third party.

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

As previously noted, we offer our advisory services on a discretionary basis (meaning that we do not need advance approval from you to determine the type and amount of securities to be bought and sold for your account) and a nondiscretionary basis (meaning that we need advance approval from you to determine the type and amount of securities to be bought and sold for your accounts). We may only exercise discretion if you have provided that authority to us in writing. This authorization is typically included in the investment advisory agreement you enter into with us. The discretionary authority granted to us does not provide us with the ability to withdraw funds from your account (other than to withdraw our investment advisory fees which may only be done with your prior written authorization). We will exercise discretion in your investment account in a manner consistent with the stated investment objectives for your account.

Typically, under third-party investment management arrangements, the third-party investment manager exercises discretion in the management of your account and decides upon and executes all investment transactions. We do not manage or obtain discretionary authority over the assets in those accounts. You can, however, grant us the discretionary authority to hire and fire such third-party managers on your behalf.

### **Limited Power of Attorney**

By signing Security Capital Management's Client Agreement, clients authorize Security Capital Management to exercise discretionary authority with respect to all Investment Management Service transactions involving the client's account (excluding any assets or accounts that are designated as "Unmanaged" per client direction). Pursuant to such agreement, Security Capital Management is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account. This limited power of attorney authorizes SCM to give instructions to third parties for servicing client's account. Clients should note that for all "Unmanaged" accounts or assets, SCM will not exercise discretionary authority and, importantly, will not take responsibility for the suitability of these investments as they relate to the client's investment objectives.

## **ITEM 17: VOTING CLIENT SECURITIES**

Security Capital Management's policy and practice is to not vote proxies on behalf of its clients and therefore, SCM shall have no obligation to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account. Consequently, clients retain the responsibility for receiving and voting all proxies for securities held within the client's account.

While Security Capital Management employees may answer client questions regarding proxy voting matters in an effort to assist the client in determining how to vote the proxy, the final decision of how to vote the proxy rests with the client. Security Capital Management shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

## **ITEM 18: FINANCIAL INFORMATION**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities, all client assets are maintained with an independent qualified custodian.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.