

Form ADV Part 2A (Firm Brochure)

HORAN Wealth Management  
4990 East Galbraith Road  
Cincinnati, OH 45236  
513.745.0707  
[www.horanassoc.com](http://www.horanassoc.com)

January 1, 2018

This document provides information about the qualifications and business practices of HORAN Wealth Management. If you have any questions about the contents of this document, please contact us at 513-745-0707. The information in this document has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

HORAN Wealth Management is a registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an advisor assists you with information to evaluate, hire, or retain an Advisor.

### Material Changes

Since our last Brochure, dated September 20, 2017:

- Timothy Powell is now 5% owner of Horan Securities, Inc.
- Michael Napier is now 5% owner of Horan Securities, Inc.

Currently, our Brochure may be requested, free of charge, by contacting Amanda Chapman, Chief Compliance Officer at 513-792-5743 or [amandac@horanwealth.com](mailto:amandac@horanwealth.com).

Additional information about The Firm is also available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

The SEC's web site also provides information about any persons affiliated with HORAN Wealth Management who are registered, or are required to be registered, as Investment Advisor Representatives of HORAN Wealth Management.

## Table of Contents

Material Changes .....	i
Table of Contents .....	ii
Advisory Business.....	1
Fees and Compensation.....	2
Performance-Based Fees and Side-By-Side Management.....	4
Types of Clients .....	4
Methods of Analysis, Investment Strategies and Risk of Loss .....	4
Other Financial Industry Activities and Affiliations.....	5
Code of Ethics .....	5
Brokerage Practices .....	6
Review of Accounts.....	7
Client Referrals and Other Compensation .....	8
Custody .....	8
Investment Discretion.....	8
Voting Client Securities .....	8
Financial Information .....	9

## Advisory Business

HORAN Wealth Management (the Firm) provides investment advisory services to individuals, and retirement plan sponsors for profit and non-profit corporations. The emphasis is on long-term investing, with capital appreciation being the goal in up markets and preservation of capital being the goal in down markets.

## Portfolio Management Services

Our Firm provides continuous advice to clients regarding their assets. We manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., aggressive capital appreciation, growth, balanced, conservative, and capital preservation). Account management is performed based on each client's unique set of circumstances, goals and needs.

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 individual investment plan and decide on a model portfolio based on that policy or plan. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background. We will manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client.

For discretionary accounts, we will implement transactions **without** seeking prior client consent. However, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

For non-discretionary accounts, we **will** seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or limited availability of the securities sought.

Account supervision is guided by the stated objectives of the client (i.e., aggressive growth, moderate growth, balanced growth and income, or income), as well as tax considerations.

The Firm is **not** the custodian of the client's assets. Currently, all assets under management are held at Fidelity Advisory Services (Fidelity). Fidelity is the preferred custodian of the Firm.

The Firm may provide investment advice on the following types of securities:

<b>Equity Securities</b>	<b>Commercial Paper</b>	<b>Investment Companies</b>
<b>Warrants</b>	<b>Certificates of Deposit</b>	<b>U.S. Government Securities</b>
<b>Corporate Debt</b>	<b>Municipal Securities</b>	

Additional non-investment related counsel may be given to clients on a limited basis in such areas as estate planning and tax assistance.

## **Financial Planning**

The Firm offers financial planning services to clients or potential clients. A financial plan may or may not include a net worth statement, a cash flow analysis, a review of existing investments and/or retirement assets, investment recommendations, strategic tax planning, estate planning recommendations or education planning. A financial plan may include investment recommendations or, at a minimum, consultative advisory services on client investment decisions. Implementation of the recommendations is at the client's discretion and their responsibility unless they decide to engage the Firm for full or partial discretionary investment management and ongoing financial advice. Fees charged for financial planning and consulting services are negotiable based upon the type of client, the services requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the relationship of the client and the investment adviser representative.

## **Corporate Retirement Plan Consulting**

The Firm offers consulting and advisory services to qualified and nonqualified retirement plans. Fees for services related to our Investment & Retirement Plan Consulting Practice range from \$15,000 to \$50,000 annually, based on products and services delivered, plan size, complexity, number of locations, number of employees and other mitigating circumstances.

The owners of the Firm are Terence L. Horan, Timothy Powell, and Michael Napier. Mr. Terence L. Horan owns a majority of the firm.

The Firm has been in business since June 28, 2002.

As of December 31, 2017 the assets under management with the Firm is detailed as follows:

Type of accounts	Total Assets	Number of Accounts
Discretionary Accounts	\$190,664,577.0	981
Non-Discretionary Accounts	0	0
Total	\$190,664,577.0	981

These amounts were calculated by looking at the total number and value of single accounts as of January 1, 2018.

## **Fees and Compensation**

The Firm manages client portfolios for a fee based upon the market value of the assets. Fees are computed as a percentage of the market value of the assets under management and include cash, cash equivalents or money market funds. The standard fee schedule is outlined below.

Our fee is calculated and charged on a monthly basis in the following manner. The calendar month ending value for each account is determined. Then, the total value of all of your accounts managed by the Firm are then aggregated and multiplied by the corresponding percentage rate from the above schedule. This amount is then divided by twelve (12) to determine the monthly fee. This amount will be

collected during the first ten business days of the new month and is payment for that calendar month's services. Unless you direct, in writing, a specific way to deduct our fee, any amounts due will be taken pro-rata from all accounts managed by us.

Fees are automatically deducted from accounts as we do not bill clients directly. All fee deductions will be reflected on Fidelity statements which are sent by Fidelity directly to the client quarterly if the account is a 403b account, or monthly for all other Fidelity investment accounts.

Fees are subject to negotiation from time to time depending upon unique client services provided, such as group size and account size.

Additional fees may be charged for work outside the normal scope of investment advisory services. If these fees are charged, they will be billed at a rate of \$250/ hour.

The Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, 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.

In addition, our management fees are separate and distinct from the fees and expenses charged internally by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

Such charges, fees and commissions are in addition to the Firm's fee, and the Firm does not receive any portion of these commissions, fees, or costs.

A client could invest in mutual funds and/or ETFs directly, without the services of our Firm. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the investments and the fees charged by the Firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The following fee schedules apply for the advisory services provided by the Firm.

<b>Accounts Established After July 1<sup>st</sup>, 2012</b>		<b>Accounts Established Before July 1<sup>st</sup>, 2012</b>	
<u>Market Value of Assets</u>	<u>Annual Fee</u>	<u>Market Value of Assets</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%	First \$250,000	1.00%
\$1,000,001 to \$2,000,000	0.75%	\$250,001 to \$1,000,000	0.75%
Greater than \$2,000,001	0.70%	\$1,000,001 to \$2,500,000	0.70%
Minimum Annual Fee of \$250 may apply (Negotiable)		\$2,500,001 to \$5,000,000	0.60%
		Greater than \$5,000,000	0.50%
		Minimum Annual Fee of \$250 may apply (Negotiable)	

Alternative Retirement Plans*		
<u>Market Value of Assets</u>	<u>Annual Fee</u>	*Alternative Retirement Plan management is only offered to employees of the University of Cincinnati, and not the general public.
First \$1,000,000	0.75%	
Greater than \$1,000,001	Negotiable	

### Performance-Based Fees and Side-By-Side Management

The Firm does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### Types of Clients

The Firm provides portfolio management services to individuals, high net worth individuals, corporate pensions, charitable organizations, 403(b) plan participants and profit-sharing plans. With some exceptions, the minimum family relationship size the Firm accepts is \$100,000. Some circumstances will allow for this investment minimum to be waived or reduced, and will be addressed on a case by case basis.

### Methods of Analysis, Investment Strategies and Risk of Loss

The Firm’s investment philosophy revolves around Modern Portfolio Theory (“MPT”). The essence of MPT is to maximize a portfolio’s expected return given a level of risk. This outcome is achieved through diversification, investing in asset classes and having a long-term investment time horizon (generally a minimum of three years). The Firm designs model portfolios based on these assumptions.

Currently the Firm offers four core model portfolios with slightly altered versions used for taxable accounts and small balance accounts.

The Firm has partnered with Capital Market Consultants (CMC) in designing its model portfolios. CMC provides the Firm with market research and asset allocation recommendations. The Firm may or may not follow these recommendations.

CMC typically uses mutual funds, exchange traded funds (“ETFs”), closed-end funds, and other investments to formulate the four types of model portfolios, which are then reviewed and decided on by the Firm’s Investment Committee.

The Firm’s Investment Committee generally meets weekly to coordinate and oversee the Firm’s investment policy and strategies.

### Risk of Loss

**While the Firm 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.**

### **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 Firm or the integrity of the Firm.

The Firm has no information to report at this time.

### **Other Financial Industry Activities and Affiliations**

#### **Other Business Activities**

The Firm, through its broker/dealer, is in the business of selling variable annuities, mutual funds and variable life insurance for a commission.

The Firm has executed, through its broker/dealer, which is separate and distinct from the Investment Advisor, selling agreements with various mutual fund companies and insurance companies, under which we may be paid for products sold. The payments are set by the various providers of investment products. For assets held in an advisory account, the Firm and its Advisor only receive advisory fees as compensation and do not receive 12b-1 fees, transaction based compensation, finder's fees or other revenue directly from the assets held in the account.

**Transactions in advisory accounts are not placed through the Firm's broker/dealer.**

#### **Other Financial Industry Activities or Affiliations**

The President of the Firm is also the President of Horan Associates, Inc. an insurance brokerage firm offering life, health, disability, dental, vision and misc. non-variable products. He devotes approximately 50% of his time to each corporation. Some of the other agents of the Firm also sell non-variable products, devoting a minimal percentage of their time to this. All agents of both corporations are appropriately licensed for the types of products they sell, as are accounting, marketing and administrative staff. Client referrals among the different departments and lines of coverage are integral to the business.

The President of the Firm is also an Investment Advisor Representative and President of Horan Capital Advisors, LLC. Horan Capital Advisors, LLC is an SEC Registered Investment Advisory Firm. He devotes less than 5% percent of his time to this business.

### **Code of Ethics**

The Firm has adopted a Code of Ethics (COE) for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The COE 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 covered persons of the Firm must acknowledge the terms of the COE annually, or as amended.

The Firm anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which the Firm has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which employees of the Firm, its affiliates and/or clients, directly or indirectly, have a position of interest. The Firm's employees and persons associated with the Firm are required to follow the Firm's COE. Subject to satisfying this policy and applicable laws, officers, directors and employees of the Firm and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Firm's clients. The COE is designed to assure that the personal securities transactions, activities and interests of the employees of the Firm 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 COE certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of the Firm's clients. Employee trading is continually monitored under the COE to reasonably prevent conflicts of interest between the Firm and its clients.

It is the Firm's policy to not affect any principal or agency cross securities transactions for client accounts. The Firm will also not cross trades between 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. The Firm does not hold, buy or sell any securities for the Firm.

The Firm's clients or prospective clients may request a copy of the firm's COE by contacting the Chief Compliance Officer, Amanda Chapman.

### **Brokerage Practices**

Client assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. In general, the Firm will only work with clients that establish a brokerage account(s) with Fidelity Advisory Services a division of Fidelity Investments, LLC a FINRA registered broker-dealer and member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although The Firm recommends that clients establish accounts at Fidelity, it is the client's decision to custody assets with Fidelity. The Firm is independently owned and operated and not affiliated with Fidelity. Choosing to custody your assets with a custodian other than Fidelity, should the Firm agree to such a situation, may cost you additional money as the Firm may not be able to achieve the most favorable execution for your account transactions.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- The combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- The capability to execute, clear, and settle trades (buy and sell securities for your account)



- The capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)

### **Block Trades**

The Firm may, where possible, combine client transactions for the purchase or sale of the same security. Such aggregation may enable the Firm to obtain, for clients, a more favorable price or a better commission rate based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a client's account, the Firm may be precluded from combining that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in a combined order. When a combined order is completely filled, The Firm allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If a combined order is only partially filled, the Firm procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

Soft dollar benefits are not currently used by the Firm. If this situation changes, we will highlight this change in a future ADV Part 2 updates.

The Firm has a legal and fiduciary obligation to ensure that clients are not disadvantaged by trade errors in any way. A trade error is an error in the placement, execution or settlement of a client's trade. When a trade error occurs, the Firm work with all relevant parties in the trading process to promptly correct the error while ensuring it does not disadvantage the client. There is no single solution to every trading error. Resolution will be determined on a case-by-case basis.

### **Review of Accounts**

While underlying securities within accounts are continuously monitored, each account will be reviewed regularly by the advisor assigned to your account. The frequency of interactions with your assigned advisor will be determined by you and your assigned advisor with at least one contact offered annually. Some of these interactions will be in person, while others may be over the phone. The contact will be conducted in the preferred manner of the client. Frequency of the reviews may be modified based on the goals, risk tolerance, and/or pending lifestyle changes of the client.

The custodian of the accounts, Fidelity, will send regular statements to the client. This delivery may be accomplished either via paper or online. The decision of delivery method is determined by the client.

Accounts for corporate clients will be reviewed on an annual basis with semi-annual communication available per the client's request.

Any reports produced by the Firm are for reference purposes and any discrepancy between them and the statements provided by the custodian should defer to the actual account statement.

### **Client Referrals and Other Compensation**

Currently The Firm does not compensate individuals outside of our organization for client referrals. If this situation changes, we will highlight this change in a future ADV Part 2 update.

### **Custody**

The Firm does not hold itself out as having custody over client funds and securities except for the following exceptions:

- Direct debiting of fees from client accounts

The Firm does not take “physical” custody of client accounts at any time. Client funds and/or securities will be held with a bank, broker-dealer, or other independent, qualified custodian. Custody of client account assets is, currently, held exclusively at Fidelity. The custodian will directly debit client accounts for the payment of our advisory fees. This ability to deduct our advisory fees from client accounts causes our firm to exercise *limited custody* over client funds or securities.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. The Firm urges clients to carefully review such statements and compare such official custodial records to the account statements that the Firm may provide. Fidelity statements should be delivered by National Financial Services LLC (Fidelity Investments, LLC).

### **Investment Discretion**

The Firm usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, the Firm observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the Firm’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to the Firm in writing.

### **Voting Client Securities**

As a matter of Firm policy and practice, the Firm does not have, nor will it accept, authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting

proxies for any and all securities maintained in client portfolios. The Firm may provide advice to clients regarding the clients' voting of proxies, if asked to do so.

### **Financial Information**

Registered Investment Advisors are required to provide clients with certain financial information or disclosures about the Firm. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Under no circumstances will we earn fees in excess of \$1,200 for a period of more than six months in advance of services rendered.