

## Introduction

Horan Securities, Inc. (referred to as “HSI” or “we”, “our”, “us”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as an Investment Adviser and Broker-Dealer (member FINRA/SIPC). HSI conducts its investment advisory business under the business name Horan Wealth Management (“HWM”). Furthermore, HSI is affiliated with Horan Capital Advisors, LLC (“HCA”) through an associated person who has related ownership within the HORAN companies. HCA is an independently SEC registered Investment Adviser within the HORAN enterprise. All our financial professionals (“Professionals”) are dually licensed and registered with both HSI and HWM, allowing them to offer you brokerage and investment advisory services. HSI additionally offers various types of life, long-term care, and disability insurance strategies for individual consumers. HSI also partners business-to-business with employers to select, implement and manage their retirement planning strategies. Brokerage and investment advisory services and fees differ and it’s important that you understand the differences. Free and simple tools are available to you to research firms and financial professionals at <https://www.investor.gov/CRS>, which also provides educational materials about broker-dealers and investment advisers and investing.

## What investment services and advice can you provide me?

Our Professionals are qualified to offer both brokerage services and investment advisory services. Our Financial Professionals focus on utilizing a select limited investment lineup that includes mutual funds, variable & fixed annuities, 529 plans, exchange traded funds (“ETF”), life insurance, and brokered certificates of deposit (e.g. CDs). The range of investment options available to you may be limited depending on your investment size, ability to meet account minimum requirements, your personal suitability and other such qualifications. Additionally, the investments offered through our brokerage services and advisor do vary. We encourage you to ask your Professional whether any investment limitations or account requirements apply. Furthermore, you should ask your Professional if the advice they are providing or the recommendations they offer are part of a brokerage service or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

### Investment Advisory Services

- The investment advisory services we offer include asset management, pension consulting, publication of periodicals/newsletters, educational seminars and financial planning.
- We manage accounts on either a discretionary basis or non-discretionary basis, as agreed to by you and your Professional. **Discretionary** means we will implement transactions without seeking your prior consent and **Non-Discretionary** means we will seek your prior consent for every transaction.
- We will typically monitor accounts and specific investments within accounts, on an ongoing basis to align with your investment goals. However, in some cases, such as financial planning only engagements, we won’t provide ongoing monitoring unless agreed upon.

**For more detailed information** about our advisory services, you may request a free copy of our Form ADV and refer to Item 4 & 7 of [ADV Part 2](#).

### Brokerage Services

- We are an introducing broker-dealer, meaning we have selling agreements with, and deal directly with product underwriters / sponsors who handle the execution and settlement of trade orders it receives from us and our clients. These product sponsors also hold your securities / funds for safekeeping (known as having “custody” of your securities / funds).
- In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account.
- We do not monitor brokerage accounts.

### QUESTIONS TO ASK YOUR PROFESSIONAL:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

**For more detailed information** about our brokerage services you can visit our [website](#).

## What fees will I pay?

### Investment Advisory Fees

- For investment advisory services, we typically charge an ongoing monthly, asset-based fee based on a percentage of the value of your assets in the account we manage, which will be reflected in periodic statements, generally monthly. The more assets you have in this type of account, the more you'll pay in fees, which creates an incentive to encourage you to increase the size of your account.
- **Minimum Fee:** In some cases, a fee will be imposed if a minimum account size is not maintained, in which you will be charged a percentage of the required minimum account size, regardless of having less in the account. This results in a higher percentage of fees to manage your account.
- **Financial Planning:** If you elect to utilize our financial planning services, but do not wish to invest your money with us, we will charge a fee of up to \$250 per hour, as agreed upon with your Professional.
- **Hourly Fees:** 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, or a fee agreed upon in writing before the engagement initiates.

### Brokerage Services Fees

- **Sales Loads:** For investments in certain products like mutual funds and annuities, we receive transaction-based fees from the investment product sponsor<sup>1</sup> in the form of asset-based sales charges. These fees are based on the amount invested in a certain product and in some cases may also be dependent on how long you hold the investment position. These sales loads create an incentive for us to recommend certain products or product sponsors based on the fees we collect. There are no minimums related to brokerage accounts.
- **Products:** The investment products offered through our broker-dealer are limited to mutual funds, variable insurance products, and municipal 529 plans. Individual securities are only offered within advisory accounts.

### Other Fees and Costs

If applicable to your account, the third party service providers that we utilize, such as the respective mutual fund and insurance underwriters / sponsors, will directly charge you for other fees in addition to brokerage commissions and advisory fees, including: (1) account maintenance fees such as custody, trade confirmation processing, corporate actions and transfer fees; (2) cash management fees, such as cash sweep, checking and wire fees; and (3) investment-specific fees such as those for administration of alternatives investments or for foreign securities. You should understand that these fees are not charged by us if your investment is in an account that is held directly with the fund sponsor. Generally, advisory fees don't include any brokerage commissions and other transactions costs, redemption fees, wire transfer fees, overnight check fees, account closing fees, or any other charges imposed by the administrator, custodian, or other service provider.

**You will pay fees and incur costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time.**

**For additional information,** please request a copy of our Regulation Best Interest ("Reg BI") Disclosure Brochure and review Item 5 of our ADV Part 2A. You may also refer to your account opening paperwork, consult with your financial professional, or contact our Chief Compliance Officer, Thomas Shoemaker.

#### **QUESTIONS TO ASK YOUR PROFESSIONAL:**

- Can you help me understand how these fees and costs, might affect my investments?
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## What are your obligations to me?

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<sup>1</sup> Sponsor means the underwriting insurance company, mutual fund, or other investment company.

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money may create some conflicts with your interests. You should understand and ask us about potential conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:

### **Third-Party Payments**

We receive compensation from third parties related to investments you make in certain products, including mutual funds, and annuities. This compensation includes ongoing distribution charges, such as 12b-1 fees or commission trails, which an investment product charges you and then pays to us.

### **Horan Capital Advisors, LLC**

Horan Capital Advisors, LLC (referred to as "HCA") is affiliated with HSI through an associated person who has related ownership interests within the HORAN companies. In some cases, HSI will utilize HCA as a sub-advisor for investment management purposes for our clientele, from which HSI and HCA may share the advisory fees assessed to sub-advised accounts. A controlling shareholder of HSI is an indirect owner and President of HCA, which creates an incentive for us to refer business between the two entities.

### **Horan Associates, Inc.**

Horan Associates, Inc. (referred to as "HAI") is an employee benefits / insurance brokerage firm offering corporate strategies for health, disability, dental, vision and miscellaneous other lines of benefit coverage. HAI is under common ownership and control as HSI. We encourage our Professionals to refer you to use companies within our network of organizations. If you elect to purchase a strategy/solution through HAI, your Professional may receive a discretionary form of compensation from that purchase, therefore creating an incentive to encourage you to buy these products with us.

### **Internal Referral Bonus**

HORAN is a conglomeration of related but independent companies. HORAN affiliated employees and Professionals are encouraged to positively promote the spectrum of our services and in doing so, are eligible for an annual discretionary bonus based upon their introduction of a potential business opportunity to another HORAN employee or Professional. This internal bonus eligibility incentivizes our Professionals and employees to encourage you to use additional services within our network of businesses.

#### **ASK YOUR PROFESSIONAL:**

- How might your conflicts of interest affect me and how will you address them?

**For additional information**, please request a copy of our Regulation Best Interest ("Reg BI") Disclosure Brochure and see Items 4, 5, 10 and 14 of our ADV Part 2A. You may also refer to your account opening paperwork or consult with your financial professional.

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## **How do your Financial Professionals make their money?**

All our Professionals are employees of HSI, or one of our affiliated companies. The offer letter or employment agreement between each Professional and HSI, sets out the payments we make to them. Those who provide investment advisory services receive a portion of the advisory fee you pay. Those who provide brokerage services receive a portion of the commissions or markups/markdowns from your trades. Employees that market retirement plans to businesses receive a commission based on the sale of a plan. Horan collects an ongoing management fee for administering the plan. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for them to encourage you to increase your investment account size or trade more frequently. Our Professionals also receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees<sup>2</sup>, trail

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<sup>2</sup> A 12b-1 fee is an annual marketing or distribution fee on a mutual fund. The 12b-1 fee is considered to be an operational expense and, as such, is included in a fund's expense ratio.

commission<sup>3</sup>, or sales loads<sup>4</sup> paid to us by an investment product sponsor. Although your Professional is required to recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

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## Do you or your Financial Professionals have legal or disciplinary history?

None of our Professionals have legal or disciplinary histories. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

### QUESTIONS TO ASK YOUR PROFESSIONAL:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

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## Additional Information.

For additional information about our products and services, visit [www.Investor.gov](http://www.Investor.gov) or [BrokerCheck.Finra.org](http://BrokerCheck.Finra.org), or visit our website: <https://www.horanassoc.com/> and review your account agreement.

For additional information on advisory services, see our Form ADV brochure on IAPD, which can be found on [Investor.gov](http://Investor.gov), or on our [website](#) and any brochure supplement your Professional provides.

To report a problem to the SEC, you can visit [www.Investor.gov](http://www.Investor.gov) or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, you can visit [www.finra.org](http://www.finra.org) or call their help line at (240) 386-4357.

If you have a problem with your investments, account or financial professional, please contact our Chief Compliance Officer, Thomas Shoemake, in writing at 4990 East Galbraith Road, Cincinnati, Ohio 45236.

### QUESTIONS TO ASK YOUR PROFESSIONAL:

- Who is my primary contact person?
- Is he/she a representative of an investment adviser or a broker-dealer or both?
- Who can I talk to if I have concerns about how this person is treating me?

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<sup>3</sup> A trailing commission is a fee that you pay a financial professional each year that you own an investment. The purpose of a trailing commission is to give an advisor an incentive to review a client's holdings and provide advice.

<sup>4</sup> A load is a sales charge paid by mutual fund investors to the brokers or agents who sell the fund to them.