



## Introduction

**HORAN Securities, Inc.** (referred to as “HSI”, “HWM”, or “we”, “our”, “us”) is dually 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 under common control with Horan Capital Advisors, LLC (“HCA”). HCA is an independently SEC registered Investment Adviser within the HORAN enterprise. The majority of 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 additionally is in the market to present, sell, and manage retirement plans on a business-to-business relationship, such as 401k programs. Brokerage and investment advisory services and the fees associated, 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 advisors

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

Our Professionals are qualified to offer brokerage services and investment advisory services. Each Professional generally provides access to a range of investment products, such as stocks, bonds, mutual funds, exchange-traded funds (ETFs), life insurance, annuities, and 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. 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 primarily on 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. *Non-Discretionary* means we will seek your prior consent for every transaction.
- We'll 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.

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 found at the SEC's [Investment Adviser Disclosure website](#).

### Brokerage Services

- We are an introducing broker-dealer, meaning we have a contract with a clearing firm who handles the execution and settlement of trade orders it receives from us and our clients. The clearing firm also holds your securities for safekeeping (known as having “custody” of your securities).
- 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 account investments for you unless we state otherwise in writing.

### 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, <https://www.horanassoc.com/wealth-management/horan-wealth>, or FINRA's [BrokerCheck website](#).

## What fees will I pay?

### Investment Advisory Fees

- For investment advisory services, we typically charge an ongoing monthly, *asset-based fee* of a percentage of the value of your assets in the account we manage, which will be reflected in quarterly statements. 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. Fees are negotiable and will be based on individual requirements and the complexity of needs. Typically, fees are based at a rate of \$200/ hour and up, depending on services required, or as agreed upon in writing with your Advisor 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.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called "markup or markdown").
- **Commissions:** we charge a *transaction-based fee* every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. We collect these fees each time a transaction takes place, which creates an incentive for us to encourage you to trade often.

### Other Fees and Costs

If applicable to your account, we will charge you directly for other fees in addition to brokerage commissions and/or 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 do not 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 Shoemake.

#### **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?

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

## What are your obligations to me?

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. ***When acting as your investment adviser***, we assume a fiduciary obligation to you that includes providing discretionary trades based on a reasonable understanding of your objectives; to include monitoring portfolios at a frequency that is in the best interest of our clients, and periodically adjusting portfolios in accordance with market conditions, research opportunities, opinions on the mitigation of risks, and focusing on your stated investment goals. 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, ETFs 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 under indirect common control with HSI. Depending on the relationship you have with us and the products or services you receive, your financial professional will be paid commission and/or fees from the sale of mutual funds, insurance, and other investments and services offered. Certain officers and directors of HCA also serve as officers and directors of HSI which create an incentive for us to refer business between the two entities. *For accounts shared between HWM and HCA, higher fees are applied compared those managed directly by HWM. Under the sub-advisory arrangement, a portion of the advisory fee is paid to both entities under the terms of a Sub-Advisory Agreement between the entities. This incentivizes both entities to utilize each other’s services because of the higher fee schedule, referral opportunities, and fee sharing arrangements.*

### HORAN Associates, Inc.

HORAN Associates, Inc. (referred to as “HAI”) is an employee benefits / insurance brokerage firm offering, 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 an insurance product through HAI, your Professional will receive a discretionary form of compensation from that purchase, therefore creating an incentive to encourage you to buy insurance products with us.

### Internal Referral Bonus

All HORAN affiliated employees and Professionals are encouraged to positively promote the spectrum of our services as corporate ambassadors 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 discretionary bonus structure incentivizes our Professionals and employees to encourage you to use additional services within our network of businesses. Use of Solicitors Agreements can be used by HSI with *non-investment registered* employees at an enterprise level. When these are used, the referring employee will receive a defined payment as stipulated in the Agreement. We do not enter into solicitors’ arrangements with individuals outside of HORAN.

#### **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 of our Professionals are employees of HSI, or one of our affiliated companies. The 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 you 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 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?

HSI has two historical disciplinary actions that focus on corporate registration issues during 2002 and 2004. These may be reviewed in detail via FINRA's [BrokerCheck](#).

None of our Financial Professionals have legal or disciplinary histories. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS), or FINRA's [BrokerCheck](#) for free and simple search tools to research our firm 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/> as well as carefully reviewing your account agreement.

For additional information on advisory services, see our Form ADV brochure on the SEC's Investment Advisers Public Disclosure website ("IAPD"), on [Investor.gov](http://Investor.gov), or on our website (<https://www.horanassoc.com/>) 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, contact our Chief Compliance Officer, **Thomas Shoemake**, in writing at 4990 East Galbraith Road, Cincinnati, Ohio 45236, or by email at [toms@horanwealth.com](mailto:toms@horanwealth.com).

### **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>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.

<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.