

# Form CRS Customer Relationship Summary

March 31, 2024

## Summary of material changes to Form CRS

### Item 2. Relationships and Services

#### Prior version

HJSCM has an agreement with a Registered Investment Advisor (see Part 2A brochure Item 4. Advisory Business) who acts as a Sub-Advisor for HJSCM. The minimum amount of assets required to open an account in the MPP program is \$25,000 and some securities may have minimum size investments.

#### Current version as of March 31, 2024

HJSCM has retained a third-party service provider for various administrative, investment advisory and/or other services available on the service provider's Platform. The minimum amount of assets required to open an account in the MPP program is \$50,000 and some securities may have minimum size investments.

#### Added

Also, upon request, clients may enter into a separate Financial Planning Agreement with HJSCM to be provided with Financial Planning reports and analyses for an hourly rate and for a minimum of 5 hours. (see Part 2A The brochure Item 4. Advisory Business)

# Herbert J. Sims Capital Management, LLC Form CRS Customer Relationship Summary

March 31, 2024

## Item 1. Introduction

Herbert J. Sims Capital Management, LLC (HJSCM) is registered with the Securities and Exchange Commission (SEC) as an investment adviser, and is a wholly owned subsidiary of Herbert J. Sims & Co, Inc. (HJS), a SEC registered broker-dealer and a member of FINRA. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## Item 2. Relationships and Services

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

We offer investment advisory services to retail investors through various wrap fee programs and invest in a broad range of individual securities, such as equities, options, bonds, exchange-traded funds (ETFs), and mutual funds based on the size of your account, your investment objective, asset allocation, or strategy. As part of our Managed Portfolio Program (MPP), we offer investment advisory services to assist with the selection of portfolio manager models, investment strategies, and the allocation of assets among managers or strategies. HJSCM has retained a third-party service provider for various administrative, investment advisory and/or other services available on the service provider's Platform. The minimum amount of assets required to open an account in the MPP program is \$50,000 and some securities may have minimum size investments. HJSCM also has an agreement with Lockwood Advisors, Inc. (Third-Party Advisory Solutions (TAPS)) whereby Lockwood, an affiliate of Pershing LLC and subsidiary of The Bank of New York Mellon Corporation (BNY), acts as program sponsor for third-party wrap fee programs. The accounts participating in the TAPS program will be invested generally in shares of mutual funds, ETFs, and short-term, liquid investments, including cash, money market funds, and other money market instruments. The minimum amount of assets required to open an account depends on the strategy and varies from \$25,000 to \$250,000. HJSCM is not affiliated with the Sub-Advisor, Lockwood Advisors, Pershing or BNY. HJSCM currently offers discretionary and limited-discretionary investment management programs. If discretionary, we make the investment

decisions, including the decision to hire and fire third-party managers, without your signoff. If limited-discretionary, we recommend investments or third-party managers to you and you make the ultimate decision whether to hire or fire a third-party manager. Third-party managers invest your account on a discretionary basis. Lockwood Advisors (TAPS program) has trading authority and discretion. We monitor your investments in accordance with your investment guidelines.

For all advisory services, you make the ultimate decision as to the investment strategy for your advisory account.

Also, upon request, clients may enter into a separate Financial Planning Agreement with HJSCM to be provided with Financial Planning reports and analyses for an hourly rate and for a minimum of 5 hours. (see Part 2A The brochure Item 4. Advisory Business)

**For additional information**, please see HJSCM's Form ADV, Part 2A brochure (Item 4. Advisory Business) and other applicable documents available at: <https://adviserinfo.sec.gov/firm/summary/134510>

**Conversation Starters.** Ask your financial professional –

- **Given my financial situation, should I choose an investment advisory 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?**

## Item 3. Fees, Costs, Conflicts and Standard of Conduct

**What fees will I pay?** The MPP is a "wrap fee" advisory program. A "wrap fee" typically covers the cost of investment advisory services, most execution charges through the custodian, custodian fees, platform administration, reporting services, investment manager fees. The fees are charged by HJSCM on a quarterly basis based on the size of the asset under management and services provided and are generally subject to negotiation. Additional program fees can include fees or expenses associated with the underlying investment vehicles (such as redemption fees or expense ratios). A Sub-Advisor flat annual operational fee based on services can be charged to accounts in four quarterly installments. Clients enrolled in the TAPS program will pay fees described in the applicable money manager agreement, program agreement, or program brochure and other account opening documents prepared by Lockwood. You can consult Lockwood Advisors, Inc. brochures available at: <https://adviserinfo.sec.gov/firm> to review fees in detail.

As asset-based fees are a charged, the more assets there are in your account, the more you will pay in fees, and the firm may therefore have an incentive to encourage you to increase the assets in your account.

**You will pay fees and 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. Please make sure you understand what fees and costs you are paying.**



# Herbert J. Sims Capital Management, LLC Form CRS Customer Relationship Summary

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**For additional information**, please see Form ADV, Part 2A brochure (Item 5. Fees and Compensation) and other applicable documents, available at: <https://adviserinfo.sec.gov/firm/summary/134510>

**Conversation Starter.** Ask your financial professional –

- **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 legal obligations to me when acting as my investment adviser?**

**How else does your firm make money and what conflicts of interest do you have?**

**When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.**

Quarterly, you pay a fee expressed as a percentage of the assets we manage for you. Therefore, our financial professionals and HJSCM generate revenue and make money based on the amount of assets we manage for you. The larger the assets we manage for you, the higher the amount of fee you pay and subsequently the higher the payout to the financial professionals. Through HJSCM's affiliation with HJS, a Broker-Dealer, HJS benefits from transactions conducted by HJSCM in connection with initial municipal security public offerings for which HJS acts as a manager, underwriter and/or as a member of the selling group, or with secondary market transactions executed by HJS. Thus, HJSCM has a conflict of interest in recommending or deciding to execute trades through HJS on a principal basis. There is also a conflict of interest in selecting mutual fund share classes with 12b-1 fees since the firm and its affiliated broker-dealer have a financial incentive to place advisory clients in higher-fee share classes over lower-fee share classes of the same mutual fund. However, any such receipt of 12b-1 compensation will pass directly back to the Client and his/her account(s), thus, avoiding a conflict of interest. HJS may receive distribution or service

("trail") fees from the sale of certain mutual funds (including money market funds) pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services and distributed from the fund's total assets.

**Conversation Starter.** Ask your financial professional –

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

**For additional information**, please see Form ADV, Part 2A brochure (Item 5. Fees and Compensation and Item 10. Other Financial Industry Activities and Affiliations) and other applicable documents, available at: <https://adviserinfo.sec.gov/firm/summary/134510>

**How do your financial professionals make money?**

Our financial professionals earn money based on generated gross revenue from the fee charged to your account based on the amount of assets we manage for you. Our financial professionals receive a percentage payout of that gross revenue. The more gross revenue they earn across all their clients, the higher the payout. Such incremental compensation model gives an incentive to increase the size of the assets we manage.

## Item 4: Disciplinary History

**Do you or your financial professionals have legal or disciplinary history? Yes.** Please visit [investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter.** Ask your financial professional –

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

## Item 5: Additional Information

**For additional information about our services**, please review our Form ADV and Part 2A at: <https://adviserinfo.sec.gov/firm/summary/134510>. If you would like additional, up-to-date information or a copy of this disclosure, please call us at **1-800-HJS-1935** to talk to one of our financial professionals or visit our website [HJSims.com](https://HJSims.com)

**Conversation Starter.** Ask your financial professional –

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