



Client Relationship Summary Disclosure

Effective June 30, 2020

J W Korth & Company, L.P. (“we”, “us” or “**J W Korth & Company**”) is registered as a broker-dealer and an investment adviser with the U.S. Securities and Exchange Commission (SEC).

This disclosure summarizes the differences between our brokerage and investment advisory services and fees. It is important for you to understand these differences (and our conflicts), particularly when you are deciding to open and fund either a brokerage or advisory account with us.

Free and simple tools are available for you to research firms at the SEC’s investor education website, Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing. You can find additional information about us and our financial advisors on the Financial Industry Regulatory Authority’s (FINRA) website located at www.finra.org/brokercheck.

This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements. It does not create or modify any agreement, relationship, or obligation between you and **J. W. Korth & Company** (or its financial advisors). Please consult your agreements with **J. W. Korth & Company** for all terms and conditions controlling your account and relationship with us. Additional information is available on our website at www.jwkorth.com.

PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

WHAT INVESTMENT SERVICES AND ADVICE CAN WE PROVIDE YOU?

Depending on your needs and your investment objectives, **J. W. Korth & Company** may assist you with brokerage services, investment advisory services, or both.

Our Investment Offerings

In both our brokerage services and investment advisory services, we primarily offer and recommend bonds and fixed income securities however a wide range of additional investments may be offered including but not limited to: mutual funds, stocks, exchange-traded funds (ETFs), options, certificates of deposit (CDs), unit investment trusts (UITs), and structured notes, including investments or other products that we and our affiliates issue, sponsor, provide or manage (“proprietary products”), as well as investments from unaffiliated third-parties. We do not offer any insurance or annuity products and we do not limit our investment offerings or recommendations to proprietary products, specific asset classes, or to those with third-party compensation arrangements, though we expect to receive compensation from third-parties in connection with certain investments we offer, including, in particular, mutual funds and cash sweep options.

Brokerage Services

Our brokerage services include buying and selling securities (e.g., bonds, stocks and mutual funds) at your direction. From time to time, or when you request, we also provide you with investment

recommendations, research, financial tools, and investor education. Unless we’re providing you with investment advice for a fee under an investment advisory agreement, investment recommendations we make to you, including recommendations to open or transfer assets to a brokerage account, we will be acting in our capacity as a broker-dealer. When making such a recommendation to you, we do not have a fiduciary obligation to you but we must act in your best interests at the time we make the recommendation without placing our financial or other interests ahead of yours.

Limits on Monitoring and Investment Discretion

Unless specifically granted by you in writing, we do not exercise discretionary investment authority in your brokerage account (i.e., make decisions to buy or sell your investments without your direction). Unless it is mutually agreed upon, we generally do not monitor your brokerage account investments for you. This means that you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

No Account Minimums

You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements,

please refer to the prospectus or offering documents for your investment.

Additional Information

More information about our brokerage services is included in our “Brokerage Disclosure Document”, which is available at www.jwkorth.com.

Investment Advisory Services

Our investment advisory services include managing and allocating client assets and analyzing, recommending and helping to arrange margin services at various custodians. When we provide you with investment advice for a fee under an investment advisory agreement, including advising you to open or transfer assets to an advisory account, we will be acting in our capacity as an investment adviser. As an investment adviser, we have certain fiduciary obligations to you.

Investment Discretion

Depending on the program and services you select, we will provide you with investment recommendations and you will make the ultimate decision regarding your investments (“non-discretionary advice”), or we will make investment decisions for you without your input (“discretionary advice”). The terms and limits of our discretionary authority are described in your advisory agreement with us.

Monitoring

We periodically monitor your advisory account for you as part of our advisory services in accordance with the terms of your advisory agreement with us. The frequency and limitations of our account monitoring depend on the advisory program that you select.

Account Minimums

You must meet certain account minimums to open an advisory account.

More information about our investment advisory services and current account minimums for advisory programs are described in our Advisory Disclosure Documents and Form ADV, Part 2A brochures which are available at www.jwkorth.com.

Additional Information

Please see our Advisory Disclosure Documents, other applicable documents which are available at www.jwkorth.com.

Questions you may want to ask your financial professional

- *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? 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?*

WHAT FEES WILL I PAY?

Brokerage Services

For our brokerage services, the primary fees you pay are “transaction-based” fees. Because our transactions generally are focused on individual bonds and fixed income products the transactional fees will be in the form of “markups”, “markdowns”, “selling concessions” or “commissions”. In some cases, such as with mutual funds, transactional fees may include “sales charges,” “loads,” or “trails”. These fees vary depending on the investment product you select, the capacity in which we act, and the size of your transaction, and can be charged up-front when you purchase or sell the investment, or on an ongoing basis for as long as you hold the investment (“trails”). If we purchase a security from you or sell a security to you from our own account (as “principal”) or in a riskless principal transaction, rather than acting as your agent to purchase or sell a security from a third party, we are paid by marking the price up or down and retain that difference, which is a benefit to us. Because we are compensated for these transactions, we have a conflict of interest to encourage you to invest in products that pay us greater compensation than those that pay us less, to trade more frequently and in greater volume, and trade with us as principal because we generally receive more revenue when you do so. In addition, we, and your financial advisor, have an incentive to recommend that you open, or transfer assets to, a brokerage account instead of an advisory account when you trade so frequently or in such volume that we’d receive more revenue than if you invested through an advisory account.

Description of Other Fees and Costs

In addition to the foregoing fees, our clearing and custody partner, RBC Capital Markets, LLC may assess certain fees associated with your brokerage account, such as annual account fees, custody fees, account termination fees, and account transfer or liquidation fees. Our firm may share in some of the revenues with RBC for certain fees and services. For a schedule of fees charged by RBC CS and your brokerage firm, you may visit Investor Connect through your Financial Professional’s website or directly at www.investor-connect.com where a list of fees is included in the most recent electronic statement insert section for the periods ending March, June, September, or December. More information is included in your J W Korth and Company Brokerage Disclosure Document, which is available by emailing info@jwkorth.com. The fees and costs you pay for specific securities transactions are typically disclosed to you on the confirmation statement you receive after your transaction is executed or in a product’s initial offering document. The total costs you incur (and compensation we earn) in connection with your brokerage accounts will primarily depend on your investment mix and how frequently you trade.

Investment Advisory Services

For our investment advisory services, you pay a J W Korth & Company a management fee for the program you select. Management fees may be “asset-based” meaning that they are calculated as a percentage of the assets invested in your advisory account or “debit balance based” if you participate in our margin advisory program. These management fees will be charged according to the fee schedule in your advisory agreement with us. This means that the more assets you maintain in your account, or the larger your debit balance is (in the case of the margin program), the more you will pay in fees, and therefore we have an incentive to encourage you to increase your advisory account assets or debit balance and to

invest your assets through programs that pay us a higher percentage Management Fee. In addition, you will generally be charged transactional fees for trade executions including commissions, markups, markdowns, selling concessions and sales charges. Therefore, we may earn more compensation when you invest with us through an advisory account instead of a brokerage account, particularly if you trade infrequently or purchase investments that would pay us lower commissions and other compensation if purchased through a brokerage account. This creates an incentive for us, and your financial representative if he or she is registered as an advisor, to recommend that you open, or transfer assets to, an advisory account instead of a brokerage account.

The Management Fee presents a conflict because it creates an incentive for us to not trade in your account since we collect the fee regardless of executing an transactions.

More information about our advisory programs and Management Fees is available in our "Advisory Disclosure Documents" which are available at www.jwkorth.com.

Description of Other Fees and Costs

In addition to the fees described above, our clearing and custody partner, RBC Capital Markets, LLC may assess certain fees associated with your advisory account, such as annual account fees, custody fees, account termination fees, and account transfer or liquidation fees. Our firm may share in some of the revenues with RBC for certain fees and services. For a schedule of fees charged by RBC CS and your brokerage firm, you may visit Investor Connect through your Financial Professional's website or directly at www.investor-connect.com where a list of fees is included in the most recent electronic statement insert section for the periods ending March, June, September or December. For additional information, please see your Customer's Agreement and our Advisory Disclosure Documents and other applicable documents which are available at www.jwkorth.com. Commissions and certain markups and markdowns you pay for transactions are disclosed to you on the transaction confirmations you receive either on a trade by trade basis or on the account statements you receive which may be monthly or quarterly. The total costs you incur (and compensation we earn) in connection with your advisory accounts will primarily depend on the assets or debit balance in your advisory account and the program fee rate.

Additional Information

Please refer to our Advisory Disclosure Documents and our Brokerage Disclosure Documents, as well as other applicable documents which are available at www.jwkorth.com. With respect to both broker-dealer and advisory services, 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. Certain investments, such as mutual funds, Closed End Funds, ETFs and UITs, bear ongoing costs that you pay indirectly because they are factored into the cost of the investment and are in addition to our brokerage and advisory fees. In addition, some investments may impose higher deferred sales charges (Mutual Funds) or charge early termination fees (Certificates of Deposits) if you sell your

investments early. For more information regarding these expenses, please refer to the prospectus or offering documents for your investment.

Question you may want to ask your financial advisor

- *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 PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we provide you with a recommendation as your broker-dealer or 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 recommendations and investment advice we provide to you. Here are some examples to help you understand what this means.

Examples of Ways We Make Money and Conflicts of Interest

Proprietary Products

J. W. Korth & Company and its affiliates may earn higher fees, compensation, and other benefits when you invest in or utilize a product that we (or one of our affiliates) advise, make available, manage, sponsor, or underwrite such as mortgage secured notes issued by our affiliate, Korth Direct Mortgage Inc. As such, we have an incentive to recommend (or to invest your assets in) these products over third-party products.

Third-Party Payments

J. W. Korth & Company receives payments from third-parties (or their affiliates) when we sell certain products. As such, J. W. Korth & Company has an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third-parties that do not pay us or pay us less.

Revenue Sharing

Our clearing firm, RBC Capital Markets, may share revenue earned from client credit and debit balances with J. W. Korth & Company. As such, we have an incentive to recommend you maintain a debit balance or credit balance in your account held in custody at RBC Capital Markets.

Principal Trading

We may buy from or sell securities to you from our own inventory. Because we earn compensation (such as mark-ups, mark-downs, and spreads) and can receive other benefits in principal transactions, we have an incentive to trade with you on a principal basis and to recommend securities that we hold in inventory.

Additional Information

Please see our “Advisory Disclosure Documents” and our “Brokerage Disclosure Documents” as well as other applicable documents which are available at www.jwkorth.com.

Questions you may want to ask your financial professional

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

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

J. W. Korth & Company financial advisors and representatives may receive a salary based on a specific role performed including trading and compliance functions. Financial advisors and representatives are also compensated based upon a percentage of advisory fees, markups, markdowns, selling concessions, commissions, and similar compensation paid to us by the clients of our firm. This percentage varies by product and service and the circumstances surrounding the transaction. It may vary based on the financial advisor’s or representative’s production level, industry experience and tenure with J. W. Korth & Company. As the amount of commissions and fees paid by a client increase or decrease, the compensation paid by J. W. Korth & Company to the client’s financial advisor or representative increases or decreases. J. W. Korth & Company financial Advisors are also eligible for incentive compensation and bonuses based upon the amount of the financial advisor’s compensation, length of service and the revenue they produce. J. W. Korth & Company may offer recruiting packages to financial professionals joining from other firms which could give them an incentive to enter employment with our firm regardless of the comparative benefits the clients they service receive at other financial firms. This may create an incentive for them to recommend their clients to open an account with J. W. Korth & Company. J. W. Korth & Company may increase/reduce the rate of compensation it pays to financial Advisors when the commissions, fees and similar compensation paid by clients are above/below certain levels. This creates an incentive for financial Advisors to charge commissions and fees at or above those levels and a disincentive to reduce commissions and fees below a level that will negatively impact the amount of revenue they produce.

In the case of certain investment products, including funds, the issuer or the sponsor might provide our financial Advisors and Representatives with other forms of compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and nominal gifts. If this occurs, the receipt of these payments presents a conflict because it creates an incentive for the financial advisor to recommend (and maximize the use of) those investments products whose issuers or sponsors offer these forms of compensation.

Additional Information

Please see our *Advisory Disclosure Documents* and our *Brokerage Disclosure Documents* as well as other applicable documents which are available at www.jwkorth.com.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes, the firm and some of our financial professionals have legal or disciplinary histories. Please visit Investor.gov/CRS for a free and simple search tool to research us and our financial Advisors. You may research your financial professional’s experience and licenses on FINRA’s BrokerCheck website at brokercheck.finra.org/.

Question you may want to ask your financial professional

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

ADDITIONAL INFORMATION

For additional information about our brokerage services, our investment advisory services, or to obtain an updated copy of this Client Relationship Summary, please visit our website at www.jwkorth.com. You may also request up-to-date information and request a copy of this Client Relationship Summary by calling us at (800) 454-1628 or by email at info@jwkorth.com or in writing at J. W. Korth & Company, Attn: Form CRS, 6500 Centurion Drive Suite 200, Lansing, MI 48917.

Questions you may want to ask your financial professional

- *Who is my primary contact person?*
- *Is that primary contact person 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?*