
Effective as of November 3, 2023.

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

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 Advisor and Broker-Dealer (member FINRA/SIPC). HSI conducts its investment advisory business under the business name Horan Wealth Management (“HWM”). As a broker-dealer, HSI transacts business within a limited scope of investment products, such as mutual funds, variable & traditional life insurance, as well as variable and fixed annuities.

All our Financial Professionals (FPs) are dually licensed and registered with both HSI and HWM, allowing them to offer you brokerage and investment advisory services. Brokerage and investment advisory services and the fees associated, differ and it’s important that you understand the differences. Although most FPs offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. When you are discussing services with a FP, you should ask what capacity the FP is acting or will be acting – as a broker-dealer registered representative and/or an Investment Advisory Representative (IAR) – when providing services to you. This disclosure discusses important information regarding FPs who act as registered representatives of HSI’s broker-dealer.

Like all financial services providers, HSI and its FPs have conflicts of interest. HSI and its FPs are compensated directly by customers and indirectly from the product sponsor of investments made by customers. When customers pay us, HSI, typically gets paid in an upfront commission or sales load at the time of the transaction and in some cases, a deferred sales charge. If we are paid an upfront commission, it means that we are paid more frequently the more transactions a customer makes. When we are paid indirectly from the product sponsor of investments made by customers, we receive ongoing compensation, typically called a “trail” payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the type of investment a customer makes. The compensation described in this disclosure brochure represents the maximum gain or profit we receive on an investment before subtraction of our expenses.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our FPs, our clients and third parties. We offer a broad range of investment services and products, and we receive various forms of compensation from our clients, non-affiliated product providers and other third parties as described herein. Securities rules allow for us, our FPs, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our FPs receive varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us. We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you.

Not all the conflicts described in this disclosure apply to a particular FP, his/her services and/or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your FP if you have any



questions about compensation, costs, fees, or conflicts of interest.

Brokerage Services

The primary securities products that we utilize in brokerage accounts are mutual funds and variable insurance products and subscription-based investments, such as 1031 exchanges. When you establish a brokerage account through HSI, the investments recommended to you will generally be mutual fund and variable insurance products that are invested directly with a specific underwriter/product sponsor. When a sale of such products occurs, we earn a commission, or load, from these transactions, either up-front, upon early redemption, or both depending on the product. Purchase and sale confirmations, as well as periodic statements, are sent to you directly from the product sponsor.

From a Business-to-Business perspective, a business segment of HSI additionally partners with employers to select, implement and manage their retirement planning strategies. HSI’s corporate pension and retirement professionals collaborate with corporations and other entities to develop and customize retirement programs for these entities in order to support and reward the investing goals of their employees.

Clearing Agreements

HSI is an introducing broker-dealer, meaning we have entered into an agreement with various product providers to carry your account, hold your funds and securities for safe keeping and provide certain back-office functions to us. HSI and the product underwriters/sponsors that it utilizes, share responsibilities with respect to your account. As it pertains to mutual fund investing, please review all mutual fund prospectuses provided by your FP and Statements of Additional Information (found on the websites of product sponsors) to understand your investments and how your money is held.

Brokerage Account Types

We offer a variety of different brokerage account registration types including:

- Individual and Joint Accounts
- UTMA Accounts
- Estate and Trust Accounts
- Partnership Accounts
- Individual Retirement Accounts, and other types of retirement accounts

You should refer to your account agreement(s) for more information concerning available account types or speak with your FP.

Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. When we act in a brokerage capacity, we do not enter into a fiduciary relationship with you.

It is important for you to understand that when your FP makes a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status and other financial information you provide us. You may accept or reject any recommendation made to you by your FP. It is also your responsibility to monitor the investments in your brokerage account and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with your FP about whether a fee-based investment advisory relationship is more appropriate for you.

To learn more about Investment Advisors, [please click here](#) to see more information from FINRA. To learn more about brokerage accounts, [click here to see](#) FINRA’s “What to Expect When You Open a Brokerage Account”. For comparative information, please [click here to view](#) Nasdaq’s “Broker-Dealers vs. Registered Investment Advisers (‘RIAs’): Which is Which?”.

From time to time, we may provide you with additional information and resources to assist you with managing your brokerage account. This may include, but is not limited to, educational resources, sales and marketing materials, performance reports, asset allocation guidance and/or periodic brokerage account reviews. When we offer these services, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account. They do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Cash Sweep Accounts

Our brokerage services do not offer a formal Cash Sweep Program. Many of the fund companies that we utilize have money market funds that can function in this manner. These funds permit you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These money market funds generally are interest-bearing accounts. Please note that there are no guarantees with money market funds. Though designed to be as stable as possible, there may arise a situation in which the funds “break a buck”, that is, drop in value to some degree below \$1.00 in Net Asset Value (NAV). You will receive additional information concerning the money market funds via the Fund’s prospectus. Please review all prospectus information carefully.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with HSI. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account with HSI. You should also understand that our FPs may establish their own minimum account balance requirements for the brokerage accounts they specifically service. In the event a minimum account size is required, this will be disclosed to you orally by your FP.

Commissions, Fees and Other Types of Sales

HSI receives upfront transaction-based fees, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, mark up or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. We receive the sales charge or commission and share it with your FP. In some cases, a portion of the sales charge or commission is retained by the investment’s sponsor company¹. Commissions vary from product to product, which creates an incentive for HSI and our FPs to sell a higher commission security rather than a lower commission security. For more information about other commissions that apply to a particular transaction, please refer to the investment’s prospectus or other offering document.

The following is a disclosure of the commission charged to you and received by us and your FP. In many cases, the descriptions below refer to and are available through the product’s prospectus or offering documents:

Equities and Other Exchange Traded Securities

HSI is not in the market of trading individual securities. These are only offered on the investment advisory side of the business. Please discuss individual securities trading in advisory accounts with your FP.

Mutual Funds

The maximum commission or sales charge HSI utilizes under applicable rules is 5.75%, but typically varies between 1% and 3%.

Annuities

The maximum upfront commission paid for new annuities is typically between 4.5% and 7%, but may vary depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and variable annuities.

Alternative Investments

HSI does not actively engage in the use of alternative investments, which consist of hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements or real estate investment trusts (REITs). If at any time such investments are discussed between you and your FP, please understand that compensation structures can vary. Do not invest in alternative investments without clearly understanding upfront and ongoing costs.

Unit Investment Trusts (UITs)

HSI does not actively engage in the marketing or sales of UITs. If you and your FP decide to invest in UITs, your FP will be compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us would be disclosed via the prospectus issued by the UIT provider.

1. A sponsor, or underwriter is the fund company (e.g., mutual fund), insurance company or other investment company.

Account Service Fees

You will pay fees for various operational services provided to you through your brokerage account set forth by the mutual fund company, not by HSI. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions. You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you.

Compensation for Our Financial Professionals (FPs)

FPs are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation varies by the product or service associated with a brokerage recommendation. In addition to upfront transaction-based compensation, some products feature on-going residual or “trail” payments. Thus, FPs are incentivized to recommend products that have higher fees as well as those with on-going payments.

Cash Compensation

HSI typically pays a FP a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary (typically between 25% to 45%) depending on his or her agreements with HSI and the investment product or service recommended and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the FP. When compensation is based on the level of production or assets, the FP has a financial incentive to meet those production or asset levels.

Other Benefits

FPs may be eligible to receive other benefits based on the revenue he/she generates from sales of products and services. These benefits, if made available, could present a conflict of interest because the FP has an incentive to remain a registered representative of HSI to maintain these benefits. These benefits could potentially include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. HSI does not seek out such additional benefits, nor use such benefits as a determination to enter into selling arrangements with product underwriters/sponsors.

Financial Professional’s Outside Business Activities

FPs are permitted to engage in certain pre-approved business activities other than the provision of brokerage and advisory services through HSI, and in certain cases, a FP receives more compensation, and non-cash compensation through the outside business than they receive from us. Some FPs are, insurance agents, tax preparers, and some FPs refer customers to other service providers and may receive referral fees. If you engage with a FP for services separate from services offered by HSI, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your FPs outside business activities is available on FINRA’s website at <http://brokercheck.finra.org>.

Compensation for Other Services

HSI and its FPs can offer various types of advisory and brokerage programs, platforms, and services, and earn differing types and amounts of compensation depending on the type of service, program, or platform in which you participate. This variation in compensation can incentivize a FP to recommend services, programs or platforms that generate more compensation for HSI and the FP than others. For example, if you expect to trade securities

frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your FP than an advisory account that generates compensation in the form of investment advisory fees. In many cases, if you are wanting to trade individual securities, a discretionary or non-discretionary advisory account may be more suitable. Discuss these scenarios with your FP to determine what is most suitable and in your best interest.

Third Party Compensation

HSI and our FPs receive compensation from investment product sponsors and other third parties in connection with investments we recommend. Some types of third-party payments are received by HSI and shared with our FPs and other types of payments are retained fully by HSI.

Mutual Funds:

We receive compensation of between 0.25% to 1% on an annual basis of customer assets invested with certain mutual fund families, commonly known as 12(b)-1 fees, or “trail”. We also may receive flat annual payments at the discretion of certain fund sponsors as support for our product marketing and the education and training efforts in connection with the sale of their products. Additional educational material on mutual fund investing can be found on the SEC’s Investor.gov website at: <https://www.investor.gov/introduction-investing/investing-basics/investment-products>. Clients should also review the mutual fund prospectus thoroughly.

Variable Annuities:

We receive upfront compensation that is based on customer investment assets between 2.5-7.0%, and an average annual trail commission between 0-1% or based on a formula that is a combination of a fixed fee, customer assets and/or product sales. Additionally, it is important to discuss any riders added to your investment with your FP. Each rider you add, each change you make to the basic provisions of your annuity contract, will add to your yearly costs. The additions can result in charges from 0.25% to 1% annually. In total, average annual fees on a typical variable annuity are 2.3% of the contract value and can be more than 3% depending on enhancements/riders added to the contract. Additional educational material on variable annuities can be found on the SEC’s Investor.gov website at: <https://www.investor.gov/introduction-investing/investing-%20basics/glossary/variable-annuities>, as well as FINRA’s website at: <https://www.finra.org/investors/investing/investment-products/annuities>. Clients should also review the annuity’s prospectus and policy contract thoroughly.

Fixed Annuities:

We receive payments of up to 4.5% on new sales. There is no annual trail commission with fixed annuities. Additional educational material on fixed annuity investing can be found on the SEC’s Investor.gov website at: <https://www.investor.gov/introduction-investing/investing-basics/investment-products/insurance-products/annuities>. Client should also review the annuity policy and contract information thoroughly.

Life, Disability, and Long-Term Care Insurance

HSI offers various types of Life Insurance products, to include traditional life products, disability insurance, long-term care insurance, as well as indexed universal life and variable life products. HSI receives compensation from issuers of life insurance and other insurance contracts that are available to brokerage customers. The compensation includes commissions and trails and may include payments for administrative services that HSI provides and/or payments made in connection with HSI’s marketing and sales-force education and training efforts. HSI receives commissions in the range of 33% to 127% of first-year commissionable premiums, depending on the type of product

and coverage length. We may also receive a trail payment in the range of 0% to 9.5% of subsequent premiums, if any. The amount of commission varies depending on the issuer, coverage, and the premium amount. Our FPs receive a percentage of the commissions and trailing commissions the insurance company pays to HSI.

Additional educational material on traditional and/or variable life insurance can be found on the SEC’s Investor.gov website at: <https://www.investor.gov/introduction-investing/investing-basics/investment-products/insurance-products/variable-life> as well FINRA’s website at: <https://www.finra.org/investors/investing/investment-products/insurance>, clients should also review the life policy’s prospectus thoroughly.

Bonus Payments from Investment Sponsors

Legacy policies with certain underwriters/sponsors offer bonus payments to our FPs, oftentimes referred to as “retention bonuses”, based on the amount of customer assets that the FP has placed in the insurance company’s products. HSI participates in these bonus programs and from time to time accepts and shares these payments with a FP who recently joined our firm and was entitled to such payments through their employment at their former brokerage firm.

Non-Cash Compensation

HSI, our employees and our FPs may receive non-cash compensation from investment sponsors that is not in connection with any customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay, or reimburse HSI and/or our FPs, for the costs associated with education or training events.

Referrals, Conflicts of Interest & Other Compensation

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure brochure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

Trade Error Correction

In the event a trade error takes place and is the cause of HSI or one of our FPs, we will cancel the trade and remove the resulting monetary loss to your account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), HSI will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to HSI.

Rollovers

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with us because we will be paid on those assets. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Limitations on Investment Recommendations

HSI and its FPs offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through HSI, and/or they may offer the same or similar investment products and services at lower cost than HSI. In addition, HSI may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account and vice versa. Discuss what is best for your situation with your FP.

The scope of products and services offered by certain FPs may also be more limited than what is available through other FPs. A FP’s ability to offer individual products and services depends on his/her licensing, training, or branch office policy restrictions. For example, a FP maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A FP maintaining a Series 7, Series 63 and Life Insurance Agent license can provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments among others. As another example, a FP may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should also review the licenses held by your FP by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

Conflicts & Compensation Related to Our Affiliates

HSI is affiliated with other financial services companies, as described below. HSI’s network of employees and FPs 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 Wealth employee or professional. This internal bonus structure incentivizes our Professionals and employees to encourage you to use additional services within our network of businesses.

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 HORAN Wealth. In some cases, HSI will utilize HCA as a sub-advisor for investment management purposes for our clientele. 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.

Internal Referral Bonus

HORAN Wealth is the marketing name of HSI and HCA. HORAN Wealth affiliated employees and professionals (HSI or HCA) 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 Wealth employee or professional. This internal bonus eligibility incentivizes our professionals and employees to encourage you to use additional services within our network of businesses.

Other Disclosure Resources

Title	Web Address
HORAN Securities Inc, Form CRS	https://horanwealth.com/sites/default/files/2023-11/FormCRS_HSI_11.3.23.pdf
SEC, Investor.gov Educational Website	https://www.investor.gov/
SEC, Investor.gov Form CRS Informational Site	https://www.investor.gov/CRS
SEC, Investor.gov Financial Planning Tools	https://www.investor.gov/free-financial-planning-tools
FINRA, Sustainability: What Investors Need to Know	https://www.finra.org/investors/learn-to-invest/key-investing-concepts/suitability-what-investors-need-know
FINRA, The Reality of Investment Work	https://www.finra.org/investors/learn-to-invest/key-investing-concepts/reality-investment-risk
SEC, Broker-Dealers: Why They Ask For Personal Information	https://www.investor.gov/introduction-investing/investing-basics/glossary/broker-dealers-why-they-ask-personal-information
SEC, Investor.gov Resources for Senior Website	https://www.investor.gov/additional-resources/information/seniors
SEC, Investor.gov Assessing Your Risk Tolerance	https://www.investor.gov/introduction-investing/getting-started/assessing-your-risk-tolerance
SEC, Investor.gov Gauge Your Risk Tolerance	https://www.investor.gov/introduction-investing/investing-basics/save-and-invest/gauge-your-risk-tolerance

