



**SEC Form ADV Part 2A  
"Brochure"**

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This Brochure provides information about the qualifications and business practices of D. Scott Neal, Inc. ("DSN"). If you have any questions about the contents of this Brochure, please contact us by telephone at 1- 800-344-9098. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

DSN is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about DSN also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**March 5, 2020**

**Item 2: Material Changes**

There have been no material changes made to D Scott Neal Inc.'s Brochure since the last update to this Brochure, which was dated February 11, 2019, through the date of this filing.

Please note that other changes were made to this Brochure, which are not discussed in this summary. Consequently, we encourage you to read the Brochure in its entirety.

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## **Item 4: Advisory Business**

### **General Information**

D. Scott Neal, Inc. (DSN, we, our, us) was formed in August 1995 and provides financial planning, investment management, and general consulting services to its clients.

Our approach to investments seeks to stress the need for flexibility and adaptability to changing economic and market circumstances.

At the outset of each client relationship, we spend time with the client asking questions, discussing their investment experience and financial circumstances, and identifying their goals.

Clients may hire us to prepare a financial plan that covers one or more areas of their life. From this analysis, recommendations aimed at accomplishing the client's goals are developed and a written report is prepared and presented to the client for consideration.

For clients who retain us for portfolio management services, including those that do not request financial planning, based on all the information we initially gather, we generally develop with each client:

- a financial outline for them based on their financial circumstances, goals, risk tolerance and risk capacity level (the "Financial Profile"); and
- their investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and may be forward looking. The Investment Plan outlines the general types of investments we may make on behalf of the client in order to meet those goals. The Financial Profile and the Investment Plan are discussed regularly with each client, but are not necessarily memorialized in written documents.

Finally, where DSN provides only limited financial planning or general consulting services, we generally work with the client to prepare a summary of the specific project(s) to the extent necessary or advisable under the circumstances.

### **Financial Planning**

One of the services offered by DSN is Financial Planning as described below. This service may be provided as a stand-alone service or may be coupled with ongoing investment management.

Financial Planning may include advice that addresses one or more areas of a client's financial situation, which may include but is not limited to estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design and ongoing management. Depending on a client's particular situation, financial planning may include some or all of the following steps:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of their financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives and
- Offering alternative solutions to identified problems;

- Making recommendations to help achieve goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Analyzing estate plans;
- Assessing risk and reviewing health, life and disability insurance needs;
- Making recommendations designed to improve the client's chances of achieving his or her objectives; and/or
- Providing suggestions on how to measure progress toward the clients' goals or make changes to the goals as deemed necessary.

Once Financial Planning advice is presented, the client may choose to have us assist with the implementation of the client's financial plan and/or manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by DSN under a Financial Planning engagement and/or engage the services of any recommended professional or DSN.

### **Investment Management**

At the beginning of a client relationship, we meet with the client, ask questions, gather information and perform research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by us based on updates to the client's financial circumstances or other circumstances.

To implement the client's Investment Plan, we may manage the client's investment portfolio on a discretionary basis or a non-discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and direct the custodian without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in their account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of their portfolio. This delay also normally means that the affected account(s) may not be able to participate in block trades, a practice where orders for the same security for multiple accounts are grouped together for execution in order to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to their portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on our management of their investment portfolios, such as prohibiting us from purchasing, holding, or selling certain investments or types of investments in their investment portfolio. Each client should note that such restrictions may adversely affect the composition and performance of their investment portfolio, but we treat each client individually by giving consideration to each purchase or sale for their account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of DSN.

### **General Consulting**

In addition to the foregoing services, we may provide consulting services for our clients. These services are generally provided on a project basis, and may include, without limitation: any of the financial planning topics mentioned above, business exit planning, business succession planning, or review of specific investments proposed by the client. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

### **Principal Owners**

The firm's principal owners are David Scott Neal and Jerome G. Zimmerer.

## **Type and Value of Assets Currently Managed**

As of December 31, 2019, DSN managed approximately \$235,000,000 of assets on a discretionary basis and approximately \$16,000,000 of assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### **General Fee Information**

Fees paid to DSN are exclusive of all custodial fees, brokerage commissions and transaction costs paid to the client's custodian, brokers, or other third-parties, as well as any fees and taxes on brokerage accounts and securities transactions. Please read the section entitled "**Brokerage Practices**," which follows later in this brochure, for a description of factors, including brokerage costs, which we consider when selecting or recommending broker-dealers for client transactions. Fees paid to us are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). As a result, clients pay both a management fee to us as well as to the investment manager of the underlying mutual fund, ETF, or other investment pool. The client should review all fees charged by funds, brokers, DSN, and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### **Financial Planning Fees**

Fees for financial planning are generally quoted at the initial interview or in a subsequent conversation with the client and are based on the nature of the financial planning needed, the client's level of organization, and the complexity of the client's situation. All financial planning fees are negotiable at our discretion. Typically, clients pay 50% of the fee upon executing a Client Advisory Agreement. The balance of the fee is due when a financial plan is delivered to the client.

### **Investment Management Fees**

Generally, the annual fee schedule, based on a percentage of assets under management, is as follows:

First	\$1,000,000	1.00%
Next	\$1,000,000	0.75%
Values in Excess of	\$2,000,000	0.50%

We may, at our discretion, make exceptions to the foregoing or negotiate special fee arrangements where we deem it appropriate under the circumstances.

Investment management fees are generally payable quarterly, in advance, but do not necessarily coincide with a calendar quarter. In all cases, however, the beginning of a quarter for billing purposes will begin on the first day of a month. For example, a quarterly fee may be assessed on April 1st for the three months ended June 30th. If management begins after the start of a billing quarter, fees will be prorated accordingly. Fees are normally deducted directly from client account(s), unless other arrangements are made.

Either DSN or the client may terminate an Investment Management Agreement at any time, subject to any written notice requirements, generally 30 days, in the client advisory agreement. In the event of termination, at DSN's discretion, any paid but unearned fees may be refunded to the client, and any fees due to us from the client may be invoiced or deducted from the client's account prior to termination. Unearned fees are determined by multiplying the amount of the prepaid advisory fee by the number of days left in the quarter divided by the number of days in the quarter.

## **General Consulting Fees**

When DSN provides general consulting services to clients, these services are generally separate from our financial planning and investment management services. Fees for general consulting are negotiated at the time of the engagement for such services and are normally based on a predetermined fixed fee arrangement. Typically, clients are billed for the total fee and pay 50% of that fee upon executing a client agreement. The balance of the fee is due upon completion of the engagement.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

DSN does not have any performance-based fee arrangements (i.e. fees based on a share of capital gains / appreciation of assets or net worth of a client).

## **Item 7: Types of Clients**

DSN typically serves individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

In accordance with the Investment Plan, we generally select ETF's, mutual funds, individual equity securities, certificates of deposit, US Treasury bonds & notes or investment grade corporate bonds for client accounts. Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, which may include but is not limited to, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, or other factors.

Fixed income investments may be used as a strategic investment, that is as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. We may evaluate and select individual bonds or bond funds based on a number of factors which may include but is not limited to, credit rating, yield and duration.

In considering specific investment vehicles, we generally employ one or more of the following methods of analysis:

**Technical Analysis:** DSN may gather and process price and volume information for a particular security or index. The price and volume information is analyzed to discern future price movements based on price patterns and trends.

**Fundamental Analysis:** Used secondarily to our use of technical analysis, we use fundamental analysis mainly as an aid to analyze markets and industry groups. Using fundamental analysis, we may examine revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth.

**Mutual Fund and /or ETF analysis:** DSN may examine the experience and track record of mutual fund or ETF managers to determine if that manager or fund has demonstrated an ability to invest over a period of time and in different economic conditions. We may also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We may also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

## **Investment Strategies**

In general, DSN has five basic strategies designed to fulfill the needs of different types of investors. Unless further restricted by the client, each client's assets will be invested in one or more of the following strategies:

**Traditional Strategy** seeks to balance investment risk and return for each client. The strategy focuses on diversification as a means of addressing the twin risks of short-term volatility and long-term inflation while attempting to achieve a return greater than a predetermined benchmark, e.g. a blended index. In exchange for addressing these risks, a portfolio invested in this manner may be subject to a significant drawdown from peak to trough. In an effort to smooth out the short-term returns of an otherwise volatile portfolio, a mixture of traditional asset classes may be utilized such as cash, stocks, bonds, real estate, and commodities. A determination of an asset allocation is made based on the risk profile of the client (properly determined) and the characteristics of the markets at the time of the analysis. Generally, the goal of a client whose portfolio is managed this way may be to achieve performance that is positive relative to a benchmark rather than seeking to achieve a specific and more consistent non-negative returns. Periodically, the portfolio will be re-balanced and/or re-allocated to reflect changes that the manager believes are necessary to realign the portfolio to its selected goal or in an attempt to maintain stability in the portfolio.

**Wealth Preservation Strategy** attempts to utilize fundamental and technical analysis to produce a consistent, targeted return. It is a trading strategy rather than a buy-and-hold strategy and therefore does not focus on broad diversification as a tool to control risk of losing capital. The focus is on controlling drawdown from peak to trough rather than volatility. Each position taken may introduce an incremental risk of loss to the portfolio. Therefore, the size of each position taken is sized to add a specific amount of drawdown risk to the portfolio. Consequently, if market conditions warrant, large cash positions may be maintained from time to time. This strategy may result in more frequent trading than the Traditional Strategy. The risk limit of a particular portfolio is determined by the maximum downside risk that a client can or should tolerate and the efficacy of the trading system. This trading system allows more incremental risk to be added to the portfolio while still protecting capital. The return goal is set in comparison to the Consumer Price Index plus an appropriate margin, based on the client's risk profile. The risks of this strategy may include but is not limited to the loss of purchasing power over long periods of time, the inability of the manager to produce consistent returns from trading, and higher expenses attributed to trading costs and taxes.

**All-Equity Growth Strategy** seeks growth through effective equity selection. The primary goal of the strategy is to beat inflation (i.e. the loss of purchasing power) over long periods of time. The primary risks of the strategy are market volatility and specific company risk. Active management of individual equity securities is balanced against low-cost indexing for broad diversification, risk management, and cost control.

**Fixed Income Strategy** seeks to provide income and stability of principal through effective bond or bond fund selection. The chief risks of this strategy include default of the issuer, interest rate (bond prices drop as interest rates increase) and inflation risks. The strategy focuses on FDIC Insured Certificates of Deposit (i.e. CD's) U.S. Government bonds, investment grade corporate bonds, and municipal (i.e. tax exempt) bonds. Based on a client's needs, various bond portfolio techniques may be used such as laddering, bar-belling, or asset liability matching. Changes in the structural economic environment may dictate changes to the bond portfolio that may result in adjustments to duration and credit quality in order to control the risk associated with an increasingly volatile interest rate cycle. Individual bonds, mutual funds or exchange-traded funds may be used in this strategy.

**Momentum Growth Strategy** is similar to the Traditional Strategy in that it also adheres to the tenets of Modern Portfolio Theory and uses diversification to seek risk-adjusted growth. However, rather than investing in individual securities, this strategy typically invests in a portfolio of broadly diversified exchange traded funds (ETFs) or mutual funds. Funds are screened using proprietary criteria and ranked based on performance,

expenses, momentum and other criteria. This systematic process involves buying funds that score highly in our proprietary ranking system and holding those funds as long as they continue to outperform peer funds. The rationale behind this approach is based on empirical observation that while market leadership and economic conditions are constantly changing, most fund managers do not change their management style with the changing environment. Therefore, we seek to upgrade the portfolio by periodically selling the lower ranked funds and reinvesting in the new fund leaders. Like the Traditional Strategy, the Momentum Growth Strategy may mitigate volatility, drawdown, and inflation risks. Volatility leads to the risk of failing to achieve market returns in the short run while inflation leads to the loss of purchasing power over longer periods. Drawdown refers to the chief risk of the strategy which is significant losses of capital during periods of downturn.

DSN's portfolio-level strategic approach is to invest each portfolio in accordance with the client's Investment Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- Trading – generally holding a security for less than thirty (30) days.

## **Risk of Loss**

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All investing and trading activities risk the loss of capital. Although we will attempt to moderate these risks, no assurance can be given that the investment activities of an account we advise will achieve the investment objectives of such account or avoid losses. Direct and indirect investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. It is important that you understand the risks associated with investing in the types of investments and strategies listed above.

Except as may otherwise be provided by law, we are not liable to clients for:

- Any loss that you may suffer by reason of any investment decision made or other action taken or omitted by us in good faith;
- Any loss arising from our adherence to your instructions or the disregard of our recommendations made to you; or
- Any act or failure to act by a custodian or other third party to your account.

The information included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account. You are encouraged to ask questions regarding risks applicable to a particular strategy or investment product and read all product-specific risk disclosures. It is your responsibility to give us complete information and to notify us of any changes in financial circumstances or goals.

There are certain additional risks associated when investing in securities; including, but not limited to:

- Market Risk: Either the stock market as a whole, or the value of an individual company or fund, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Legal and Regulatory Risks: The regulation of the U.S. and non-U.S. securities and futures markets investment funds has undergone substantial change in recent years and such change may continue. In particular, in light of the recent market turmoil there have been numerous proposals, including bills that have been introduced in the U.S. Congress, for substantial revisions to the regulation of financial institutions generally. Some of the additional regulation includes requirements that private fund managers register as investment advisers under the Advisers Act and disclose various information to regulators about the positions, counterparties and other exposures of the private funds managed by such managers. Further, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions may be promulgated at any time. Such restrictions may adversely affect the returns of Underlying Investment Funds that utilize short selling. The effect of such regulatory change on the accounts and/or the underlying investment funds, while impossible to predict, could be substantial and adverse.
- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. The Firm's portfolios face inflation risk, which results from the variation in the value of cash flows from a financial instrument due to inflation, as measured in terms of purchasing power.
- Market or Interest Rate Risk: The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Firm holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Firm portfolios' performance. However, if the Firm determines to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss.
- Market Volatility: The profitability of the portfolios substantially depends upon the Firm correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Firm cannot guarantee that it will be successful in accurately predicting price and interest rate movements.
- Material Non-Public Information: By reason of their responsibilities in connection with other activities of the Firm and/or its principals or employees, certain principals or employees of the Firm and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Firm will not be free to act upon any such information. Due to these restrictions, the Firm may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.
- Accuracy of Public Information: The Firm selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Firm by the issuers or through sources other than the issuers. Although the Firm

evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Firm is not in a position to confirm the completeness, genuineness, or accuracy of such information and data. In some cases, complete and accurate information is not available.

- Trading Limitations: For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the account to loss. Also, such a suspension could render it impossible for the Firm to liquidate positions and thereby expose the Client account to potential losses.
- Recommendation of Particular Types of Securities: In some cases, the Firm recommends mutual funds. There are several risks involved with these funds. These funds have portfolio managers that trade the fund's investments in agreement with the fund's objective and in line with the fund prospectus. While these investments generally provide diversification there are some risks involved especially if the fund is concentrated in a particular sector of the market, uses leverage, or concentrates in a certain type of security (i.e. foreign equities). The returns on mutual funds can be reduced by the costs to manage the funds. And the shares rise and fall in value according to the supply and demand. Open end funds may have a diluted effect on other investors' interest due to the structure of the fund while closed end funds have limited shares which rise and fall in value according to supply and demand in the market. In addition, closed end funds are priced daily and as a result they may trade differently than the daily net asset value (NAV).
- Firm's Investment Activities: The Firm's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Firm. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The markets may be volatile, which may adversely affect the ability of the Firm to realize profits on behalf of its Clients. As a result of the nature of the Firm's investing activities, it is possible that the Firm's results may fluctuate substantially from period to period.
- Equity (stock) market risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Risks Associated with Fixed Income: When investing in fixed income instruments such as bonds

or notes, the issuer may default on the bond and be unable to make payments. Further, interest rates may increase and the principal value of your investment may decrease. Individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power.

- **ETF and Mutual Fund Risk:** When investing in an Exchange-Traded Fund (ETF) or mutual fund, a client will bear additional expenses based on the client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing or selling ETFs.
- **Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Liquidity Risk:** Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.
- **Management Risk:** Your investments will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If you implement our financial planning recommendations and our investment strategies do not produce the expected results, you may not achieve your objectives.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to bonds.
- **Call Risk:** Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- **Credit Risk:** The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- **Speculation Risk:** The securities markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of securities.
- **Geopolitical Risk:** The risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Foreign Market Risk:** The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect our ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.
- **Counterparty and Broker Credit Risk:** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions. There may be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.
- **Leverage Risk:** DSN does employ leverage in the implementation of its investment strategies. In addition, some ETFs and CEFs also employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. Although it is not DSN's strategy to incur margin, DSN will do so when directed by a client; however, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.

**Item 9: Disciplinary Information**

Neither DSN nor any of its supervised persons have been the subject of any legal or disciplinary event that would be material to your evaluation of DSN or the integrity of its management.

**Item 10: Other Financial Industry Activities and Affiliations**

Not applicable.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics ("the Code"), which is available to you upon request by contacting us by telephone at 1- 800-344-9098. Our Code has several goals. First, the Code is designed to assist us in complying with applicable laws and regulations governing our investment advisory business. Under the Investment Advisers Act of 1940, we owe a fiduciary duty to our clients. Pursuant to these fiduciary duties, the Code reflects our commitment to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Second, the Code sets forth guidelines for professional standards for our associated persons, as defined in the Code. Under the Code's Professional Standards, we expect our associated persons to put the interests of our clients first,

ahead of their own personal interests. In this regard, our associated persons are not to take inappropriate advantage of their positions in relation to our clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time our associated persons may invest in the same securities recommended to clients. Under the Code, we have adopted procedures designed to prevent the conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limiting the personal securities transactions of associated persons, requiring the reporting and review of such trading, and requiring the pre-clearance of certain types of personal trading activities for associated persons and members of their household. For example, if an associated person wishes to participate in an initial public offering or invest in a private placement, he or she must submit a pre-clearance request and obtain DSN's approval. Also, DSN's policy requires that client transactions generally be completed first unless the associated person's trade is bundled or aggregated with clients if associated persons trade the same security on the same day alongside our clients. In that situation, if the trade is not filled in its entirety, the associated person's shares will be removed from the block and the balance of shares will be allocated among client accounts in accordance with our written policy. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations to this policy. DSN also reserves the right to disapprove any proposed transaction that may have the appearance of improper conduct.

### **Item 12: Brokerage Practices**

#### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in client accounts, we seek "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided, the quality and diversity of the broker's commission-free ETF platform, and commission rates. Therefore, we may use or recommend the use of brokers who do not charge the lowest available commission in recognition of other factors that affect the overall quality of the execution that our clients receive. Research services received may include proprietary or third party research (or any combination), and may be used in servicing any or all of our clients.

Specifically, DSN participates in the institutional programs of Charles Schwab Institutional ("Schwab"); TD Ameritrade Institutional ("TDA"); and in limited cases, TIAA-CREF, Nationwide (formerly known as Jefferson National) and Fidelity for retirement accounts. Each of these firms is a FINRA-registered broker-dealer. These firms also serve as the custodians of clients' funds. Although we may recommend one of these programs over the other, final choice of custodian rests with the client. Generally, when the account's custodian is a broker-dealer, all transactions for such account will be executed through that custodial broker-dealer. While we may still have the ability to use other brokers to execute trades for your account, in such cases, you may be subject to or incur additional fees from your custodial broker-dealer for trading away, which generally impacts our ability to obtain best execution for you.

As a participant in these institutional programs, DSN receives certain benefits that may assist us, but not necessarily our clients. DSN's receipt of these benefits, however, is not contingent on us committing any specific amount of business in the form of brokerage commissions, loads, or transactions fees. In some cases, however, our ability to participate in an institutional program is dependent on the aggregate amount of client assets that we have in custody with the broker-dealer, which may give us an incentive to recommend one broker-dealer over another based on our interest in receiving these benefits that we do not have to pay for rather than your interest in receiving the best value in custody services and/or the most favorable execution of your

transactions. We do not receive any direct compensation such as commissions or revenue sharing from these programs.

These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of our fees from clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of our accounts, including accounts not held at one of these custodians. The broker-dealers may also make available to DSN other services intended to help us manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the custodians may make available, arrange and/or pay for these types of services to be rendered to us by independent third parties. Finally, participation in the programs provides us with access to certain mutual funds which normally may require significantly higher minimum initial investments or are normally available only to institutional investors.

### **Aggregated Trade Policy**

DSN typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time we may aggregate trades together for multiple client accounts, most often when these accounts are being directed to buy or sell the same securities at the same time. If such an aggregated trade is not completely filled, we generally allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by us or our officers, directors, or employees will be excluded first. The practice of aggregating trades may reduce slightly trade execution costs for clients.

Furthermore, as noted above, DSN generally does not aggregate orders for non-discretionary clients due to the delay involved in waiting for client approval to place a recommended order.

### **Item 13: Review of Accounts**

Managed portfolios are reviewed on an ad hoc basis by one or both of DSN's Principal Owners or their designee when a portfolio falls outside of its target range with respect to certain criteria. Portfolio reviews may be requested by the client and may also be conducted upon receipt of information material to the management of the portfolio or at any time such review is deemed necessary or advisable by DSN. Reviews may also be triggered by material changes in variables such as the client's individual circumstances, changes in financial markets or the economic environment.

The underlying securities within client accounts are continually monitored. Any perceived need for change is then considered for each client portfolio on an individual basis. For those clients to whom we provide separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews, with regards to a client's investment portfolio, are conducted by one of our investment adviser representatives or principals.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions and current prices in each account as well as transactions in each account, and any fees paid from an account. Account custodians also provide confirmation of all trading activity and year-end tax statements. In addition, DSN provides a quarterly report for each managed portfolio. This written report generally includes a

summary of portfolio holdings and performance results. Clients may request reviews and/or reports at times other than our usual schedule but may be charged additional fees for those services.

**Item 14: Client Referrals and Other Compensation**

We are not paid referral fees to refer clients to a custodian or any other party. However, we may receive some benefits from our clients' custodians based on the amount of client assets held at that custodian. Please see the "**Brokerage Practices**" section for a discussion regarding these benefits and any associated conflicts of interest. We do not have any arrangements with third-parties to refer clients to us.

**Item 15: Custody**

All client funds and securities are maintained by a qualified custodian. It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements.

As noted above, in accordance with our agreement with clients, DSN provides quarterly reports to each client for each managed portfolio that includes a summary of portfolio holdings and performance results. Clients are urged to compare the information in our quarterly reports with that of the brokerage statements from the custodian. We encourage clients to contact us if they have any questions regarding the information in our reports or the brokerage statements. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

**Item 16: Investment Discretion**

As described in the "**Advisory Business**" section, we accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving us the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client to be mailed to the client's address of record; and, the withdrawal of advisory fees directly from the account. We then direct investment of the client's portfolio using our discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with DSN and the requirements of the client's custodian.

For *non-discretionary* accounts, the client also generally executes an LPOA, which allows us to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisor agreement between DSN and the client, we do not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to DSN's agreement with the client and the requirements of the client's custodian.

**Item 17: Voting Client Securities**

As a policy and in accordance with our client agreements, we do not vote proxies related to securities held in client accounts. The custodian of the account normally provides proxy materials directly to the client. Clients may contact us with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

**Item 18: Financial Information**

DSN does not have any financial commitments that impair our ability to meet our contractual obligations to our clients.

**D. Scott Neal, Inc.**  
**SEC Form ADV Part 2B**  
**Firm Brochure Supplement**

**Brochure Supplement for**  
**David Scott Neal, CPA, CFP®**

3292 Eagle View Lane, Suite 290  
Lexington, Kentucky 40509

Telephone Number: (800) 344-9098

March 5, 2020

This Brochure Supplement ("Supplement") provides information about Scott Neal that supplements the D. Scott Neal, Inc. ("DSN") Firm Brochure ("Brochure"). You should have received a copy of that Brochure. Please contact DSN at telephone number: (800) 344-9098 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

DSN is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Scott Neal is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 2: Educational Background and Business Experience**

David Scott Neal (year of birth 1952) is the Chief Executive Officer, President and co-owner of D. Scott Neal, Inc. Scott earned a bachelor's degree (1974) from Eastern Kentucky University and graduated with high distinction in accounting. He also earned an MBA degree (1975) from Eastern Kentucky University and a Master of Divinity degree (1994) from Southern Baptist Theological Seminary. Scott has provided financial services to clients since 1980. He is a member of the National Association of Personal Financial Advisors (NAPFA), the Financial Planning Association (FPA), and the National Association of Tax Professionals (NATP).

Prior to beginning his financial services career at Deloitte Haskins and Sells in 1980, he served in the United States Army as an operations / safety officer of 1<sup>st</sup> Transportation Company and the deputy director of the 1<sup>st</sup> Armored Division Data Center. Both of these assignments were in Nurnburg, Germany.

At Deloitte Haskins and Sells (DH&S), Scott was placed into the healthcare consulting group in Cincinnati, Ohio where he participated in forward-looking engagements for the firm's clients. After leaving DH&S, he launched his own consulting practice and later merged that practice into Carpenter & Mountjoy, a regional CPA firm. He became a sole practitioner in 1986 and further concentrated his services in financial planning and income tax preparation. In 1998, he divested himself of tax preparation and other accounting services further limiting his practice to financial planning and investment advisory services. He has been a Certified Public Accountant\* (CPA) since 198, and a Certified Financial Planner\* (CFP®) since 1988.

\* A CPA is a Certified Public Accountant. All CPA candidates must pass the Uniform CPA Examination to qualify for a CPA certificate and license to practice public accounting. While the exam is the same regardless of where it is taken, every state/jurisdiction has its own set of education and experience requirements that individuals must meet. However, most states require at least a bachelor's degree and at least two years public accounting experience. As a CPA in Kentucky, Scott is required to complete 60 hours of continuing professional education every two years.

\* The CFP® designation is granted by the Certified Financial Planner Board of Standards, Inc. (the "Board"). To attain the designation, the candidate must complete the required educational, examination and experience requirements set forth by the Board. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. As a CFP, Scott is required to obtain 30 hours of continuing professional education in targeted subjects every two years.

**Item 3: Disciplinary Information**

There is no disciplinary information to report regarding Scott.

**Item 4: Other Business Activities**

Scott is not engaged in any other business activities.

**Item 5: Additional Compensation**

As a co-owner of DSN, Scott receives a share of DSN's profits based upon his stock ownership. Scott has no other income or compensation to disclose.

***Item 6: Supervision***

D. Scott Neal is the CEO, President and co-owner of DSN. He is subject to the compliance supervision of Jerry Zimmerer who serves as Chief Compliance Officer and can be reached at telephone number (800) 344-9098. With respect to the monitoring of the advice provided by Scott to clients, while Scott implements investment recommendations made to clients, DSN's Investment Committee is responsible, as a team, for making overall investment recommendations and/or decisions for clients. Scott and Jerry are both Portfolio Managers who serve on the Investment Committee. Jerry supervises Scott's non-portfolio activities relating to DSN by requiring that he adhere to DSN's compliance policies and procedures.

**D. Scott Neal, Inc.**  
**SEC Form ADV Part 2B**  
**Firm Brochure Supplement**

Brochure Supplement for

**Jerome G. Zimmerer, CPA, PFS, CFP®**

6440 Dutchmans Parkway, #201

Louisville, Kentucky 40205

Telephone Number: (800) 344-9098

March 5, 2020

This Brochure Supplement ("Supplement") provides information about Jerry Zimmerer that supplements the D. Scott Neal, Inc. ("DSN") Firm Brochure ("Brochure"). You should have received a copy of that Brochure. Please contact DSN at telephone number: (800) 344-9098 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

DSN is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Jerry Zimmerer is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ***Item 2: Educational Background and Business Experience***

Jerome G. Zimmerer (year of birth 1952) is Vice-President, Chief Compliance Officer, and co-owner of D. Scott Neal, Inc.

Jerry has over 30 years of experience in the financial services industry. While in public accounting, he was exposed to a large variety of clients from diverse industries, which provided invaluable insight into the tax and financial planning issues of small business owners and executives. Jerry has been with DSN and serving in his present capacities since 2000.

Jerry earned his Bachelor's Degree from Bellarmine University, where he has also served as a part time faculty member in the past. He has had articles published in Business First and the Courier Journal. Jerry has also conducted financial planning seminars for businesses and organizations throughout the state.

Jerry is a Certified Public Accountant\* (CPA), a Personal Financial Specialist\* (PFS), and a Certified Financial Planner\* (CFP®). He is a member of the National Association of Personal Financial Advisors (NAPFA), the Financial Planning Association (FPA), the American Institute of CPA's (AICPA), and the Kentucky Society of CPA's.

\* A CPA is a Certified Public Accountant. All CPA candidates must pass the Uniform CPA Examination to qualify for a CPA certificate and license to practice public accounting. While the exam is the same regardless of where it is taken, every state/jurisdiction has its own set of education and experience requirements that individuals must meet. However, most states require at least a bachelor's degree and at least two years public accounting experience. As a CPA in Kentucky, Jerry is required to complete 60 hours of continuing professional education every two years.

\* The PFS designation is granted exclusively to CPA's with extensive tax expertise and comprehensive knowledge of financial planning. The requirements for the PFS credential are established by the PFP (Personal Financial Planning) staff at the AICPA (American Institute of CPA's), the National Accreditation Commission, along with the PFS Credential Committee, and accurately reflect the depth and breadth of experience and technical expertise required to obtain this credential. The 5 major requirements are: (1) Obtain CPA licensure (2) join the AICPA and be a member in good standing (3) complete a comprehensive PFP education, consisting of a minimum of 80 hours of PFP training and education within the five year period preceding the date of the PFS application (4) attain 2 years of full-time business or teaching experience in the area of Personal Financial Planning and (5) pass a PFP examination. In 1996, CPA's were designated a PFS without the examination.

\* The CFP® designation is granted by the Certified Financial Planner Board of Standards, Inc. (the "Board"). To attain the designation, the candidate must complete the required educational, examination and experience requirements set forth by the Board. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. As a CFP, Jerry is required to complete 30 hours of continuing professional education in targeted subjects every two years.

## ***Item 3: Disciplinary Information***

There is no disciplinary information to report regarding Jerry.

## ***Item 4: Other Business Activities***

Jerry is not engaged in any other business activities.

***Item 5: Additional Compensation***

As a co-owner of DSN, Jerry receives a share of DSN's profits based upon his stock ownership. Jerry has no other income or compensation to disclose.

***Item 6: Supervision***

Jerry Zimmerer is the Vice President, Chief Compliance Officer and co-owner of DSN. He is subject to the supervision of D. Scott Neal, CEO, President and co-owner of DSN, who can be reached at telephone number: (800) 344-9098. With respect to the monitoring of the advice provided by Jerry to clients, while Jerry implements investment recommendations made to clients, DSN's Investment Committee is responsible, as a team, for making overall investment recommendations and/or decisions for clients. Jerry and Scott are both Portfolio Managers who serve on the Investment Committee. D. Scott Neal supervises Jerry's non-portfolio activities relating to DSN by requiring that he adhere to DSN's compliance policies and procedures.

**D. Scott Neal, Inc.**  
**SEC Form ADV Part 2B**  
**Firm Brochure Supplement**

**Brochure Supplement for**

**Richard Coles, CFP®, CFA™**

3292 Eagle View Lane, Suite 290  
Lexington, Kentucky 40509

Telephone Number: (800) 344-9098

March 5, 2020

This Brochure Supplement ("Supplement") provides information about Richard that supplements the D. Scott Neal, Inc. ("DSN") Firm Brochure ("Brochure"). You should have received a copy of that Brochure. Please contact DSN at telephone number: (800) 344-9098 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

DSN is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Richard Coles is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ***Item 2: Educational Background and Business Experience***

Richard Coles (year of birth 1960) is a Financial Planner with D. Scott Neal, Inc. Richard constructs and assists with the implementation of personal financial plans. Born and educated in England, Richard worked in various back office positions at a stockbroker's office before becoming a member of the London Stock Exchange and a dealer on the trading floor.

In 1987, Richard entered the world of personal financial advice. After undergoing sales training at Barclays Bank and Lloyds Bank in London, and after a year with a Friendly Society (a non-profit in Kent), Richard formed his own fee-based financial services practice in January 1998. This practice expanded to take on an additional adviser and a mortgage advice subsidiary.

In 1998, Richard earned the UK Certified Financial Planner (CFP<sup>CM</sup>)\* designation.

In November 2003, Richard, relocated to Lexington and began working for DSN. Richard has earned the U.S. Certified Financial Planner\* (CFP®) designation in 2004.

In 2006, Richard also earned the designation Certified Divorce Financial Analyst (CDFA<sup>TM</sup>)\*

\* The CFP® designation is granted by the Certified Financial Planner Board of Standards, Inc. (the "Board"). To attain the designation, the candidate must complete the required educational, examination and experience requirements set forth by the Board. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. As a CFP, Richard is required to complete 30 hours of continuing professional education in targeted subjects every two years.

\*The CDFA<sup>TM</sup> designation is granted by the Institute for Divorce Financial Analysts and is attained by completing a comprehensive course of study approved by the IDFA<sup>TM</sup> and passing a four part examination. In addition to experience and ethics requirements, CDFA<sup>TM</sup> practitioners are required to maintain technical competence standards by completing a minimum of twenty hours of continuing education, ten of which must be specifically related to the field of divorce, every two years.

\* The UK Certified Financial Planner designation is granted by the Institute of Financial Planning. To attain the designation, the candidate must complete the required educational, examination, experience and ethics requirements as set forth by the Institute of Financial Planning. Candidates must pass an examination that covers the following topics: financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance. As a UK Certified Financial Planner, Richard is required to complete 50 hours of continuing professional development education each year.

## ***Item 3: Disciplinary Information***

There is no disciplinary information to report regarding Richard.

## ***Item 4: Other Business Activities***

Richard is not engaged in any other business activities.

## ***Item 5: Additional Compensation***

Richard has no other income or compensation to disclose.

***Item 6: Supervision***

Scott Neal, CEO, President and co-owner, and Jerry Zimmerer, Vice-President, Chief Compliance Officer, co-owner and Senior Portfolio Manager of D. Scott Neal, are responsible for supervising Richard and for reviewing his accounts. They may be contacted at telephone number (800) 344-9098. DSN also requires that Richard adhere to DSN's compliance policies and procedures.

**D. Scott Neal, Inc.**  
**SEC Form ADV Part 2B**  
**Firm Brochure Supplement**

**Brochure Supplement for**

**Chris Saccomanno, CFP®**

3292 Eagle View Lane, Suite 290

Lexington, Kentucky 40509

Telephone Number: (800) 344-9098

March 5, 2020

This Brochure Supplement ("Supplement") provides information about Chris Saccomanno that supplements the D. Scott Neal, Inc. ("DSN") Firm Brochure ("Brochure"). You should have received a copy of that Brochure. Please contact DSN at telephone number: (800) 344-9098 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

DSN is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Chris Saccomanno is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Item 2: Educational Background and Business Experience***

Chris Saccomanno (year of birth 1977) is a Financial Planner with D. Scott Neal, Inc. Chris constructs and assists with the implementation of personal financial plans. Chris has over a decade of experience in the financial industry. Prior to joining D. Scott Neal, Inc., Chris worked at a number of financial services firms including Chase Bank and Allstate Insurance Company. Chris received his bachelor's degree in physics from the University of Miami (FL) and a Master of Science in Financial Services from the American College. He received his Certified Financial Planner™ designation in 2014. Chris is currently working on an MBA at Mercer University with a specialty of Economics.

\* The CFP® designation is granted by the Certified Financial Planner Board of Standards, Inc. (the "Board"). To attain the designation, the candidate must complete the required educational, examination and experience requirements set forth by the Board. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. As a CFP, Chris is required to complete 30 hours of continuing professional education in targeted subjects every two years.

***Item 3: Disciplinary Information***

There is no disciplinary information to report regarding Chris.

***Item 4: Other Business Activities***

Chris is not engaged in any other business activities.

***Item 5: Additional Compensation***

Chris has no other income or compensation to disclose.

***Item 6: Supervision***

Scott Neal, CEO, President and co-owner of DSN and Jerry Zimmerer, Vice President, Chief Compliance Officer, co-owner and Senior Portfolio Manager of DSN, are responsible for supervising Chris and for reviewing his accounts. They may be contacted at telephone number: (800) 344-9098. DSN also requires that Chris adhere to DSN's compliance policies and procedures.