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This brochure ("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 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.

Additional information about DSN also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 110975.

**March 7, 2016**

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**Material Changes**

The section discusses material changes made to DSN’s Brochure since the last annual update, which was dated March 31, 2015. As of the filing of this Brochure, DSN no longer has an ongoing investment sub-advisory agreement with Proffitt & Goodson, Inc. (CRD No. 105278).

Please be aware that our summary in this section only discusses material changes made to DSN’s Brochure. Other non-material amendments were made to this Brochure, which are not discussed in our summary, and consequently, we encourage you to read the Brochure in its entirety.

## **Advisory Business**

### **General Information**

D. Scott Neal, Inc. (DSN, we, our, us) was formed in 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 major goals.

Clients may hire us to prepare a financial plan that covers one or more areas of their life.. From this analyses, 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 need 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 and goals, and their 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 a look to their future goals. The Investment Plan outlines the general types of investments we will 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, such as 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 the 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 that are designed to improve the client's chances of achieving his or her objectives; and/or
- Reviewing goals and objectives and providing a way to measure progress toward these 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 or other circumstances.

To implement the client's Investment Plan, we will 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) will generally 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.

When appropriate and in accordance with the Investment Plan for a client, we may utilize one or more Separate Account Managers, each a “Manager,” in order to implement our “all-equity growth strategy,” which is discussed below in the “**Investment Strategies**” section below. Having access to various Managers offers our clients the option of using different investment styles and managers, if necessary, to meet the needs and investment objectives of the client. We will usually select the Manager(s) we deem most appropriate for the client. Factors that we consider in recommending/selecting Managers generally includes the client’s stated investment objective(s), the Manager’s style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will be granted discretionary trading authority to provide investment supervisory services for the portfolio. With respect to assets managed by a Manager, our role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments in the portfolio.

When one or more Managers are utilized, the Manager(s)’ fees will be separate from and in addition to our fee.

### **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**

David Scott Neal is the majority owner and Jerome G. Zimmerer is a minority owner of DSN. Please see “**Brochure Supplement(s)**”, Appendix A, for more information on these principal owners and other individuals who formulate investment advice and/or have direct contact with clients, or have discretionary authority over client accounts.

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

As of February 4, 2016, DSN managed \$187,045,773 of assets on a discretionary basis, and \$8,543,560 of assets on a non-discretionary basis.

### **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**

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. We may also impose a minimum portfolio value requirement and/or a minimum annual fee.

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 March 1<sup>st</sup> for the three months ended May 31<sup>st</sup>. 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 their 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, any paid but unearned fees will be refunded to the client, and any fees due to us from the client will 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 pay 50% of the fee upon executing a consulting agreement. The balance of the fee is due upon completion of the consulting engagement.

## **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).

## **Types of Clients**

DSN typically serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. DSN may impose a minimum portfolio value requirement and/or a minimum annual fee for conventional investment advisory services.

## **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, 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, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, 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 including, without limitation, rating, yield and duration.

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

**Technical Analysis** – involves the gathering and processing of 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** is secondary to our use of technical analysis, and is used mainly as an aid to analyze markets and industry groups.

**Mutual Fund and /or ETF analysis:** DSN looks at the experience and track record of mutual fund or ETF managers in an attempt to determine if that manager or fund has demonstrated an ability to invest over a period of time and in different economic conditions. We 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 also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

### **Investment Strategies**

DSN has five basic strategies that are 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 reasonable return. In exchange, for addressing these risks, a portfolio invested in this manner may be subject to 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. An asset allocation determination is made based on the risk tolerance of the client and the risk/return characteristics of the markets at the time that the determination is made. 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 non-negative return. Periodically, the portfolio will be re-balanced and/or reallocated 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 in an attempt 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 drawdown rather than volatility. Since each position taken may introduce an incremental risk of loss to the portfolio, the size of each position taken is generally determined to a large extent by the specific amount of drawdown risk added to the portfolio. Consequently, if market conditions warrant, large cash positions may be maintained from time to time. This strategy will typically result in more frequent trading than the traditional strategy. The risk limit of a particular portfolio is generally determined by the maximum downside risk that a client can tolerate and the efficacy of the trading system. A more effective trading system allows more incremental risk to be added to the portfolio while still protecting capital. The return goal is not generally set in comparison to a benchmark such as an index or a combination of various indices. Rather the goal is to meet a specific return set by the needs or the risk profile of the client. The risks of this strategy may include 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.

**Traditional Strategy with a Market Trend Overlay** is not a strategy per se, but is a combination of the Traditional Strategy coupled with the market timing and trading techniques of the Wealth Preservation Strategy.

**All-Equity Growth Strategy** seeks growth through effective equity selection. The primary goal of the strategy is to beat inflation (the loss of purchasing power) over long periods of time and the primary risks of the strategy are market volatility and specific company risk. The specific security selection is made by an independent third-party manager that typically uses specific proprietary criteria. Active management of individual equity securities is balanced against low-cost indexing for broad diversification, risk management, and cost control.

**Fixed Income Strategy** is a strategy that seeks to provide income and stability of principal through effective bond or bond fund selection. The chief risks of this strategy are default of the issuer, interest rate (bond prices drop as interest rates increase) and inflation risks. The strategy focuses on U.S. Government bonds, investment grade corporate bonds, and municipal (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.

**Mutual Fund 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. The difference is that rather than investing in individual securities or exchange traded funds, this strategy typically invests in a portfolio of broadly diversified 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 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 don't 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 Mutual Fund 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. This strategy is generally recommended for clients with portfolios less than \$200,000.



DSN's portfolio-level strategic approach is to invest each portfolio in accordance with the 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 considered holding a security for less than thirty (30) days.

## **Risk of Loss**

While DSN seeks to reduce risk of loss, all investment portfolios are subject to risks that clients should be prepared to bear. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While we manage client investment portfolios based on our experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we allocate assets to asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, we may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally more diversified than individual securities; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds may also be subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* We may invest portions of client assets directly into equity investments, primarily in pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* We may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, may be less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* We may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Foreign investments may also involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

### ***Disciplinary Information***

DSN has no disciplinary events to report.

### ***Other Financial Industry Activities and Affiliations***

Not applicable

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

We have adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. 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.

Next, the Code sets forth guidelines for professional standards for our associated persons (managers, officers and employees). 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 reduce or eliminate the conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal Trading activities. For example, if an associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. Also, if associated persons trade on the same day alongside clients in the same security, client transactions are generally completed first unless the associated person's

trade is bundled or aggregated with 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.

### **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.

DSN participates in the Institutional programs of Schwab and TDA Charles Schwab & Co., Inc. ("Schwab"); TD Ameritrade ("TDA"); and in limited cases, TIAA-CREF 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. We may recommend one of these over the other, but the 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 fees imposed by 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 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.

### **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 such as risk level. Portfolio reviews may be requested by the client, and will 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, in 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, including fees paid from an account. Account custodians also provide confirmation of all trading activity, and year-end tax statements. In addition, we provide a quarterly report for each managed portfolio. This written report normally 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.

### **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.

### **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. Clients are advised to carefully review the information contained in statements received from the custodians and to review the same against any reports that they may receive from us, and to notify us of any questions or concerns. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

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.

### **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 advisory 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.

### **Voting Client Securities**

As a policy and in accordance with our client agreement, we do not vote proxies related to securities held in client accounts. The custodian of the account will normally provide 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.

### **Financial Information**

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

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

**of**

**D. Scott Neal, Inc.**

With client service locations at:

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[www.dsneal.com](http://www.dsneal.com)

February [■], 2016

This brochure supplement ("Supplement") provides information about Scott Neal (CRD No. 2665518) that supplements the D. Scott Neal, Inc. ("DSN") Brochure. You should have received a copy of that Brochure. Please contact DSN at (859) 254-3036 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

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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## ***Educational Background and Business Experience***

David Scott Neal (year of birth 1952) is President 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 and 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 1981, a Certified Financial Planner\* (CFP®) in 1988, and a Certified Exit Planning Advisor (CEPA) in 2009.

\* 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.

\* The CEPA designation is granted by the Exit Planning Institute in Chicago, IL. Qualifications for the CEPA designation are: completion of a 5-day executive MBA style program and successful completion of an examination.

***Disciplinary Information***            There is no disciplinary information to report regarding Scott.

***Other Business Activities***        Scott is not engaged in any other business activities.

***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

### ***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 (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. DSN supervises Scott's non-portfolio activities relating to DSN by requiring that he adhere to DSN's compliance policies and procedures.



**Brochure Supplement for**  
**Jerome G. Zimmerer, CPA, PFS, CFP®**  
**of**  
**D. Scott Neal, Inc.**

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February [ ], 2016

This brochure supplement ("Supplement") provides information about Jerry Zimmerer (CRD No. 4359778) that supplements the D. Scott Neal, Inc. ("DSN") Brochure. You should have received a copy of that Brochure. Please contact DSN at (859) 254-3036 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

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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### ***Educational Background and Business Experience***

Jerome G. Zimmerer (year of birth 1952) is Vice-President/Chief Compliance Officer and Senior Portfolio Manager with D. Scott Neal, Inc.

Over the past 30 years, Jerry has acquired a broad base 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 and has 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. In 1976, when Jerry earned the CPA certificate, CPA candidates were required to pass the Uniform CPA Examination to qualify for a CPA certificate and license to practice public accounting in the state of Kentucky. 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. Kentucky required 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.

***Disciplinary Information*** There is no disciplinary information to report regarding Jerry.

***Other Business Activities*** Jerry is not engaged in any other business activities.

***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.

***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, President and co-owner of DSN, who can be reached at (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. DSN supervises Jerry's non-portfolio activities relating to DSN by requiring that he adhere to DSN's compliance policies and procedures.

**Brochure Supplement for**  
**Richard Coles, CFP®,**  
**CDFA™**

**of**

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February [■], 2016

This brochure supplement ("Supplement") provides information about Richard Coles (CRD No. 5097781) that supplements the D. Scott Neal, Inc. ("DSN") Brochure. You should have received a copy of that Brochure. Please contact DSN at (859) 254-3036 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

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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## ***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 his way up through various back office positions at a stockbroker's office before ending up as a member of the London Stock Exchange and a dealer on the trading floor.

The stock market crash in 1987 caused his employer to go out of business. Richard looked for a job where he could continue to look after people and their savings, and through his search he entered the world of personal financial advice. He learned his trade going through sales training at Barclays Bank and Lloyds Bank in London, but became disillusioned with the hard-sell approach and the lack of true customer focus that existed within large financial organizations. After a year with a Friendly Society (a non-profit in Kent), Richard formed his own fee-based financial services practice in January of 1998. This practice was successful and expanded to take on an additional adviser and a mortgage advice subsidiary.

A firm believer in demonstrating competence in all areas of financial advice, Richard strived to remain a generalist rather than specializing in any particular niche. He passed advanced examinations in taxation and investments, became a licensed pension adviser and acquired the UK Certified Financial Planner license.

In November of 2003, Richard, his Chicago-born wife Vivian, and their three girls relocated to Lexington. Knowing that he did not want to work with any business that put the pursuit of profit before its clients, he actively sought out D. Scott Neal, Inc. as an employer with its fee-only ethos and a great reputation in the community. Richard is working to expand the practice and bring the benefits of truly impartial financial planning to a wider audience. Richard has earned the U.S. Certified Financial Planner\* (CFP®) status and enjoys meeting and consulting within his community in Lexington and its environs. He also brings his old world charm, British humor, and a wonderful English accent to DSN.

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

\* 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 CDFATM designation is granted by the Institute for Divorce Financial Analysts and is attained by completing a comprehensive course of study approved by the IDFA™ and passing a four part examination. In addition to experience and ethics requirements, CDFATM 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.

***Disciplinary Information***      There is no disciplinary information to report regarding Richard Coles.

***Other Business Activities***      Richard is not engaged in any other business activities.

***Additional Compensation*** Richard has no other income or compensation to disclose.

***Supervision***

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

**Brochure Supplement for**  
**Bradley Clay Fisher, CFP®**

**of**

**D. Scott Neal, Inc.**

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February [ ], 2016

This brochure supplement ("Supplement") provides information about Bradley Clay Fisher (CRD No. 4388267) that supplements the D. Scott Neal, Inc. ("DSN") Brochure. You should have received a copy of that Brochure. Please contact DSN at (859) 254-3036 if you did not receive DSN's Brochure, or if you have any questions about the contents of this Supplement.

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

### ***Educational Background and Business Experience***

Bradley Clay Fisher (year of birth 1972) is a Financial Planner with D. Scott Neal, Inc. Bradley constructs and assists with the implementation of personal financial plans. Bradley has over a decade of experience in the financial industry. Prior to joining D. Scott Neal, Inc.. Bradley worked at a number of financial services firms including JJB Hilliard, WL Lyons, LLC, Wells Fargo Advisors, LLC, GV Capital Management, Minnesota Life and Wachovia Securities, LLC. Bradley received his bachelor's degree in political science from Vanderbilt University, an MBA with a finance concentration from Wake Forest University, and a Graduate Certificate in Personal Financial Planning from Georgia State University. He received his Certified Financial Planner™ designation in 2003.

\* 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.

***Disciplinary Information***      There is no disciplinary information to report regarding Bradley Fisher.

***Other Business Activities***      Bradley is not engaged in any other business activities.

***Additional Compensation***      Bradley has no other income or compensation to disclose.

### ***Supervision***

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