



**Firm Brochure**  
(Part 2A of Form ADV)

**Shoker Investment Counsel, Inc.**  
DBA Shoker Investments

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This brochure provides information about the qualifications and business practices of Shoker Investment Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at 513-524-1776. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Shoker Investment Counsel, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

01/05/2025

## Item 2 Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. You will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year (12-31). We may further provide other ongoing disclosure information about material changes as necessary.

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### Material Changes Since the Last Update

#### Fee Schedule Amendment

Effective January 5<sup>th</sup>, 2025, Shoker Investments' Fee Schedule is as follows for all new accounts.

#### **Investment Account** (Stocks and Bonds)

Fees	1% of the first \$1,000,000 in assets
	.85% of the next \$1,000,000 in assets
	.75% of the next \$1,000,000 in assets
	.65% for the next \$2,000,000 in assets
	.50% for all amounts over \$5,000,000

Existing accounts will remain under the prior fee rates until April 1, 2025, when the new rates become effective. Accounts with special fee rates will be reviewed on a case-by-case basis, and clients will be notified of any pending fee change.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 513-524-1776 or by email at: [rshoker@shoker.com](mailto:rshoker@shoker.com). This is free of charge or obligation.

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## Item 4 Advisory Business

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### Firm Description

Shoker Investment Counsel, Inc. was founded in 1990.

Shoker Investment Counsel, Inc. provides discretionary portfolio investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses. On more than an occasional basis, Shoker Investment Counsel, Inc. furnishes financial advice to clients on matters not involving securities.

Shoker Investment Counsel, Inc. is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted. The only fees Shoker Investment Counsel, Inc. receives are from its clients.

Shoker Investment Counsel, Inc. does not act as a custodian of client assets. The client always maintains asset control. Shoker Investment Counsel, Inc. places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Potential conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview for the client to determine if Shoker Investment Counsel, Inc.'s investment management services may be beneficial to them. If further meetings are needed, they are also free of charge. The client is never billed without first signing an asset management agreement with Shoker Investment Counsel, Inc.

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### Principal Owners

Randall Shoker is a 95% stockholder.

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### Types of Advisory Services

Shoker Investment Counsel, Inc. provides discretionary portfolio investment management services, also known as asset management services and offers investment opinions on accounts not involving direct investment supervisory services. Additional financial advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, debt management, cash flow management, financial risk

review, tax planning, insurance review, employer stock option exercise, deferred compensation, education funding, retirement & income planning, and estate planning.

Financial planning is offered as an integral part of the investment management process and is not offered as a separate service. No additional fees are charged for financial planning for an investment management client.

Shoker Investment Counsel, Inc. also furnishes investment advice through periodic communications (both printed and electronic) to clients about geopolitical events, economic conditions, general market topics, sectors, and securities. Shoker Investment Counsel, Inc. may include charts, graphs, formulas, or other items with these reports which clients may use to evaluate securities or overall economic conditions.

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### Tailored Relationships

Shoker Investment Counsel, Inc. performs a financial overview of each client. Then the goals and objectives for each client are determined by mutual agreement between the client and Shoker Investment Counsel, Inc. Clients may impose restrictions on investing in certain securities or types of securities.

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### Wrap Fee Programs

Shoker Investment Counsel, Inc. does not participate in or use wrap fee programs.

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### Assets Under Management

As of 12-31-2023, Shoker Investment Counsel, Inc. managed \$ 385,096,698.92 (million) in assets on a discretionary basis for 193 clients.

## Item 5 Investment Management Fees

Fees are based on a flat percentage of assets in the managed account. Fees are billed quarterly, at the end of the quarter, based upon the account's value at the end of the billing period. Billing will be adjusted pro-rata for money flowing into and out of investment accounts. For example, if a client deposits \$100,000 into an account during the last month of the quarter, they will only be billed for the days the assets are in the account, not for the entire quarter. Partial quarters will be billed pro-rata in arrears. If an account is terminated, final billing will be based pro-rata upon the value of the account upon the last day under management.

### Investment Management

#### **Investment Account** (Stocks and Bonds)

Fees	1% of the first \$1,000,000 in assets
	.85% of the next \$1,000,000 in assets
	.75% of the next \$1,000,000 in assets
	.65% for the next \$2,000,000 in assets
	.50% for all amounts over \$5,000,000

#### **Fixed Income** (Bonds Only)

Fees	.85% of the first \$1,000,000 in assets
	.65% of the next \$1,000,000 in assets
	.50% for the next \$3,000,000 in assets
	.375% for all amounts over \$5,000,000

All fees are negotiable at the discretion of the advisor. Fees may be waived in certain unusual circumstances.

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### Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a

designated client account to facilitate billing. The client may choose to pay by check. The client must consent in advance to direct debiting of their investment account. This Agreement is in effect until terminated. This Agreement may be terminated by either party upon five days' written notice to the other party. Manager reserves the right to stop billing for services at any time, but in all cases will not de-link from client accounts within five days. Upon termination, the client will be obligated to pay Investment Manager all earned, unpaid fees from end of prior pay period to date of termination.

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## Other Fees

Custodians (the broker or bank holding your account) will charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds, stocks and bonds. These transaction charges are usually small and incidental to the purchase or sale of a security. See section 12 page 9 for details on Shoker Investment Counsel, Inc.'s use and selection of recommended custodians.

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## Expense Ratios

Mutual funds and exchange traded index funds charge a management fee for their services as investment managers. This management fee plus the fund's administrative expenses is called the expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% (one half of one percent) for their services. These fees are in addition to the fees paid by you to Shoker Investment Counsel, Inc.

Typically, Shoker Investment Counsel, Inc. only uses low-cost exchange traded index funds to achieve diversification in asset classes that we do not cover with individual securities.

Shoker Investment Counsel, Inc. does not receive any compensation from the fees charged by the funds or brokers. We will provide a total fee analysis for any client upon request.

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## Payment in Advance

Shoker Investment Counsel, Inc. does not charge or accept any fees in advance.

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## Compensation for Sale of Securities or Other Investment Products

Neither Shoker Investment Counsel, Inc. nor its employees accept or receives any compensation for the sale of securities or other investment products.

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## Item 6 Performance-Based Fees

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Shoker Investment Counsel, Inc. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client than is desired by, or warranted for the client.

## Item 7 Types of Clients

Shoker Investment Counsel, Inc. generally provides investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses.

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### Account Minimums

The recommended minimum client net worth for investment management is \$2,000,000. Shoker Investment Counsel, Inc. has the discretion to waive the client net worth recommended minimum, and does for immediate family members of existing clients where appropriate.

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

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### Methods of Analysis

Shoker Investment Counsel, Inc. primarily uses fundamental analysis of a company's profitability, and its prospects for investment returns given the current global and local economic environment. Analysis methods also include technical analysis and cyclical analysis.

The main sources of information are 3<sup>rd</sup> party subscription data providers as well as The US Federal Reserve, filings with the Securities and Exchange Commission, research materials prepared by others, corporate rating services, annual reports, company press releases, internet based electronic financial news and data.

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## Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation. This means that we invest the client's portfolio across various asset classes. The stock allocation is typically done with a mix of individual stocks and low expense exchange traded index funds of different size companies by market capitalization (total market value of company). In addition, the individual stock portion of the portfolio is diversified by industries. Portfolios are globally diversified to control the risk associated with traditional markets. Generally, the fixed income allocation of our clients' portfolios is made up of individual bonds and preferred stocks, and not actively managed bond mutual funds. This portion of the portfolio is also diversified by industry. Occasionally, low-cost bond index funds may be used in addition to individual bonds. Depending on market conditions, Shoker Investment Counsel, Inc. may use other types of publicly traded investments.

Where applicable, all portfolios are managed for maximum after tax efficiency. This means that the impact of the client's individual tax situation is taken into consideration, and their assets are managed in an effort to reduce the client's tax exposure as much as possible.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. In addition, Shoker Investment Counsel, Inc. may suggest a change of objectives given the timeline of the client's portfolio. For example, as a client gets closer to retirement age, Shoker Investment Counsel, Inc. may suggest a greater allocation into income producing investments.

Shoker Investment Counsel, Inc. manages overall client risk through the overall portfolio asset allocation (ratio) between stocks vs. bonds vs. cash.

Shoker Investment Counsel, Inc. pursues a strategy of long-term investing, vs. short-term trading. Shoker Investment Counsel, Inc. does not attempt to "time" the market. Timing the market means attempting to sell stocks before the market falls and to buy stocks before they go up on a short-term basis. If the financial condition or the value of a company changes rapidly (either positive or negative), then we may buy or sell quickly. Other strategies may include the use of leverage (for clients who want to use leverage) and in certain market conditions, the outright purchase of equity options (for clients who have experience owning and trading options).

In general, Shoker Investment Counsel, Inc. does not recommend the following strategies:

Day trading, short-term trading, market timing, short selling, excessive use of margin, trading of futures contracts, options on futures contracts, commodity-based exchange traded funds, use of stop loss orders, use of limited partnerships, selling covered call options, or selling naked put or call options.

Shoker Investment Counsel, Inc. cannot guarantee that any strategies that it uses to manage a client's assets will not result in a loss. All investors in global stock and bond markets should *expect* to see a decline in the value of their investments based on global market conditions at one time or another. Fluctuation of asset values is a fact of investing in stocks on bonds. This is why a long-term view is important.

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## Risk of Loss

Investing in stocks and bonds involves risks and possible loss of principal. All investments have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. In general, long-term bonds are more at risk to loss of principal than short-term bonds. Selling a bond before it matures can result in loss of principal.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, a war, a natural disaster such as a pandemic, or an unexpected political event may trigger a market sell-off (loss).
- **Inflation Risk:** When any type of 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.
- **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.
- **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 fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, an oil company may suffer a catastrophic accident which hurts their stock, but not other companies in the same industry. Or a new technology is discovered which hurts all companies in a certain industry, while helping the overall economy. In addition, all companies share the common risk of poor management decisions, such as a company using excessive debt or making poor acquisitions.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if a large dollar amount of the asset trades daily and is easy to buy or sell. For example, Treasury Bills are highly liquid, while local school municipal bond issues are usually not. When buying individual securities, Shoker Investment Counsel, Inc., takes a security's liquidity into account. We prefer to only buy highly liquid investments.
- **Margin Risk:** Excessive borrowing to invest in stocks or bonds may result in large losses of principal and may require that the investor sells stocks at the wrong time to meet a loan call. Accounts on margin are also subject to risk related to rehypothecation if the custodian declares bankruptcy.
- **Option Risk:** Trading index or equity options involves a higher degree of risk and a higher possibility of total loss of principal than trading common stocks. Option trading is not suitable for most portfolios.

## Item 9 Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## Item 10 Other Financial Industry Activities and Affiliations

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Shoker Investment Counsel, Inc. and its employees, have no material relationship with any broker-dealer except a referral arrangement with Charles Schwab & Co, Inc. (see details below in section 14 on page 13).

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## Other Affiliations

Shoker Investment Counsel, Inc. and its employees, have no material relationship to its advisory or its clients with a related person who is an, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

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### Code of Ethics

Shoker Investment Counsel, Inc. has adopted a code of ethics pursuant to the guidelines set out in SEC rule 204A-1. This code covers treatment of client interest, compensation, treatment of non-public information, and trading standards for Shoker Investment Counsel, Inc. employees. A copy of Shoker Investment Counsel, Inc.'s Code of Ethics is available upon request.

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### Participation or Interest in Client Transactions

Shoker Investment Counsel, Inc. and its employees do not participate or have interest in client transactions. This means that Shoker Investment Counsel, Inc. will not buy clients an investment that materially benefits Shoker Investment Counsel, Inc. or any of its employees. We can include employee transactions as part of bunch transaction with clients provided the employees receive the same execution as the clients.

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### Personal Trading

Shoker Investment Counsel, Inc. and its employees may buy or sell securities that are also held by clients, or buy and sell securities not held by clients. All employees comply with the personal trading policy of Shoker Investment Counsel, Inc. This policy helps ensure that client trades receive preference

and that employees of Shoker Investment Counsel, Inc. do not personally benefit from trades placed for clients. A copy of our personal trading policy is available upon request.

The Chief Compliance Officer of Shoker Investment Counsel, Inc. is Randall Shoker. He reviews all employee trades each quarter. His trades are reviewed by a portfolio accountant. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

## Item 12 Brokerage Practices

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### Factors in Selecting Brokerage Firms

The client must instruct Investment Manager to use a particular broker-dealer or custodian for all trades. Investment Manager will not seek better execution services or prices from other brokers or dealers and the client may pay higher prices or transaction costs as a result. Investment Manager also may not be able to seek better execution services for the client by combining the client's orders with other client orders. Investment Manager may decline to accept the account if the client directs the use of a broker or custodian that does not provide electronic data feeds or otherwise inhibits Investment Manager's ability to effectively manage the client's account.

Because of the fundamental differences between full-service brokers and discount brokers, Shoker Investment Counsel, Inc. will usually recommend that the client place trades and custody (hold) their account with a discount broker. In choosing a custodian, Shoker Investment Counsel, Inc. looks at following factors: (in order of importance)

- Financial stability.
- Their ability to perform both equity and fixed income trades in a manner consistent with our management style.
- Trading desk personnel are who are not compensated on a commission basis.
- The number of fixed income dealers their fixed income desk has relationships with.
- Their ability to make electronic data available to Shoker Investment Counsel, Inc.
- The reliability and functionality of their trading platform.

- Cost of their commissions and other fees. The reasonableness of fees is determined by considering the other factors listed here, and against the fees of other discount brokers.
- Their ability to execute trades on high volume days.
- The integrity of client data.

Shoker Investment Counsel, Inc. currently uses Charles Schwab & Co., Inc. as its primary recommended custodian for client assets. Clients are free to use any broker they choose, but there may be some limitations in the ability of Shoker Investment Counsel, Inc. to manage their assets in a consistent manner with our other clients. Shoker Investment Counsel, Inc. may not be able to give the client a “best execution” (meaning other clients may be paying less or getting a better price) for certain investments, especially fixed income (bonds). They also may pay more in general trading fees, and the decision to choose their own custodian may cost them more money. In addition, Shoker Investment Counsel, Inc. may not be able to offer the client the reporting ability it does to other clients if the custodian does not offer transaction data in an electronic format that Shoker Investment Counsel, Inc.’s reporting software can use. All clients will receive the custodians (brokers) normal statements. These are generated and sent by the custodian and not Shoker Investment Counsel, Inc.

Shoker Investment Counsel, Inc. periodically performs a “best custodian” test to determine if Charles Schwab and Co., Inc. remains the best overall choice for its clients.

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### Soft Dollar Arrangements

Shoker Investment Counsel, Inc. does not maintain any soft dollar arrangements (benefits connected with trading fees) with any broker-dealers.

Shoker Investment Counsel, Inc. does receive non-cash economic benefit by using Charles Schwab and Co. Inc., as a custodian. Shoker Investment Counsel, Inc. receives the benefits of using the *Schwab Advisor Platform*, which includes free research, services and discounts on some research and software products from third party vendors. Shoker Investment Counsel, Inc. also receives discounts from Morningstar for research services. Shoker Investment Counsel, Inc. also receives periodic consulting services from Schwab relating to technology use and business practices. All clients of Shoker Investment Counsel, Inc. benefit from the use of these services.

Schwab’s free research and other benefits may cause a conflict of interest as it may give Shoker Investment Counsel, Inc. an incentive to recommend them



as a broker-dealer. The *Schwab Advisor Platform* is free to all Advisors with more than ten million dollars in assets with Charles Schwab, and Shoker Investment Counsel, Inc. significantly exceeds this requirement. It is unlikely that the non-economic benefits will be an inducement to place additional assets with Schwab, as there are no additional benefits for assets over 10 million.

Shoker Investment Counsel, Inc. has a referral arrangement with Charles Schwab & Co, Inc. (see details below in section 14-A). The referral arrangement was offered to Shoker Investment Counsel, Inc. after Charles Schwab and Company had been Shoker Investment Counsel, Inc.'s custodian, and was not an inducement to bring assets to Schwab. Although Shoker Investment Counsel, Inc. pays Schwab for these referrals, Shoker Investment Counsel, Inc. benefits from receiving new clients.

Any research purchased by Shoker Investment Counsel, Inc. is used for all clients.

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#### Best Execution and Trading Fees

Shoker Investment Counsel, Inc. periodically reviews the execution of trades at the custodian to ensure best execution. Trading fees charged by the custodians are also reviewed on a periodic basis. Shoker Investment Counsel, Inc. does not receive any portion of the trading fees.

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#### Directed Brokerage

Clients may direct brokerage, meaning that they can instruct Shoker Investment Counsel, Inc. to place trades with a broker of their choosing. When placing a trade with a specific broker the client has requested, Shoker Investment Counsel, Inc. may be unable to achieve most the favorable execution of client transactions, and this practice may cost the client more money.

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#### Trading Fees

Shoker Investment Counsel, Inc. client accounts held in custody at Schwab will not be charged separately for custody. Schwab will receive compensation from Shoker Investment Counsel, Inc.'s clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab will also receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. These fees are in addition to the other broker-dealer's fees. Thus, Shoker Investment Counsel,



Inc. may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer in order to seek lower transaction fees for its clients. Shoker Investment Counsel, Inc. acknowledges its duty to seek best execution of trades for client accounts and takes into consideration the total trading fees as well as the execution price in determining how to execute transactions. Thus, trades for accounts held in custody at Schwab may be executed at different times and different prices than trades for other accounts that are held at other broker-dealers.

Schwab has currently suspended transaction fees for exchange traded securities placed online by Shoker Investments. Schwab may change its fee rates in the future. All custodian fee changes are reviewed by Shoker Investment Counsel, Inc. Schwab currently Charges \$1 per thousand for face value of bonds that are not exchange traded. This fee is capped at \$275 as Schwab only charges one ticket charge per trade and not per account. See “Bunching of Fixed Income Trades”. Schwab does not charge for the Purchase of US Treasury Bills, notes, or bonds.

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#### Buying or Selling of Bonds Between Unrelated Client Accounts. “Crossing Bonds”

Shoker Investments does not execute “Cross Bond Trades” All bonds are bought and sold through dealers on a best price basis for the size of the trade.

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#### Netting of Trade Errors

- Errors created in an advisory account are corrected so as not to harm any client. The goal of error correction is to make the client “whole”. Schwab will net the gains and losses from trade errors in related accounts in trade error resolution. This netting of gains and losses creates a potential conflict of interest for Shoker Investment Counsel, Inc., as Shoker Investment Counsel, Inc. could receive monetary gain from this practice by paying for the error by using an offsetting gain. To avoid this potential conflict Shoker Investment Counsel, Inc. does not net gains and losses from unrelated accounts for the resolution of trade errors. Generally, if an error results in a gain, Shoker Investment Counsel, Inc. discusses the situation with the client and usually advises that the client keeps the gain unless the gain is from an erroneous restricted stock sale or if the tax consequences will harm the

client. In cases where the gain needs to be reversed, Shoker Investment Counsel, Inc. does not keep the gain nor does Shoker Investment Counsel, Inc. maintain an error account to bank such gains. The gain is realized by the custodian's error desk. If the realized gain is less than \$100, Charles Schwab will keep the gain to cover error correction cost. If the gain is over \$100, Charles Schwab will donate the gain to one of several charities. Charles Schwab does not charge the Advisor if the net loss on an error resolution is \$99.99 or less, if the amount of the error is over \$100.00 Schwab will send Shoker Investment Counsel, Inc an invoice for the entire amount.

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## Order Aggregation

### Bunching of Equity Orders

Shoker Investment Counsel, Inc. may aggregate transactions in an effort to obtain a better execution for its clients, or to be able to make changes in a client portfolio in a timely fashion in response to a change in market conditions. All client accounts that are allocated trades from a bunched order receive the average price of the execution of the bunch order. All clients pay a flat fee per trade based upon the factors listed in "Trading Fees" above. As a result of this fee, some clients will pay a higher transaction cost in terms of cents per share than other clients with a larger allocation of the bunched trade. This fee is charged if the orders are placed individually or bunched and is not a result of the bunching.

### Bunching of Fixed Income Trades

Shoker Investment Counsel, Inc. will bunch or aggregate client trades for non-listed bonds whenever possible. All client accounts that are allocated trades from a bunched fixed income order receive the average price execution per bond of the bunch order. Currently, all clients receive the same yield on bunch purchases because Charles Schwab and Company, Inc. only charges one ticket charge per trade and not per account. This policy might change in the future which would mean that the account receiving a larger allocation could receive a slightly higher yield.

### Method of Allocation for Partial Bunch Trade Fills for Equity or Fixed Income Trading

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Shoker Investment Counsel, Inc. rotates the order that client accounts are allocated trades. This is done to ensure that no client or group of clients is favored over other clients. In the event of a partial fill, for either equity or fixed income trades, clients are filled in order of their placement on the allocation list. The starting point of the list changes for each event requiring use of the list. Exceptions to this method may include trading done on an account-by-account basis for client portfolio reviews, rebalancing, tax management trading or client requests. However, there are certain conditions where it may be more advantageous to do a pro-rata fill of all clients on a buy or sell based on such factors as share liquidity or volatility. It is up to the trader's sole discretion which method to use, a pro-rata fill vs a fill based on the rotation list standing.

## Item 13 Review of Accounts

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### Periodic Reviews

Account reviews are performed quarterly by a Portfolio Manager. Account reviews are performed more frequently when market conditions dictate. Markets and individual securities are monitored on a daily basis.

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### Additional Reviews

Additional reviews may be triggered by conditions such as changes in tax laws, new investment information, a company specific event or announcement, a geopolitical event, or changes in a client's own situation. Clients may request a review or portfolio update at any time.

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### Regular Reports

Shoker Investment Counsel, Inc. will send clients a quarter end report during the first month of each new quarter providing that their custodian provides Shoker Investment Counsel, Inc. with electronic data for reporting. The client's custodian will also send them statements. Any material differences between Shoker Investment Counsel, Inc.'s quarterly reports and the custodian's statement should be reported to Shoker Investment Counsel, Inc. immediately. The custodian's statements are always to be deemed correct.

## Item 14 Client Referrals and Other Compensation

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### Other Compensation

Shoker Investment Counsel, Inc. receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to use Schwab's products and services is not based on Shoker Investment Counsel, Inc. giving particular investment advice, such as buying particular securities for our clients.

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### Incoming Referrals

Shoker Investment Counsel, Inc. receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Shoker Investment Counsel, Inc.'s participation in the Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Shoker Investment Counsel, Inc. Schwab does not supervise Shoker Investment Counsel, Inc. and has no responsibility for Shoker Investment Counsel, Inc.'s management of client portfolios or Shoker Investment Counsel, Inc.'s other advice or services. Shoker Investment Counsel, Inc. pays Schwab fees to receive client referrals through the Service. Shoker Investment Counsel, Inc.'s participation in the Service may raise potential conflicts of interest described below.

Shoker Investment Counsel, Inc. pays Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are maintained at, or transferred to, another custodian. The participation fee paid by Shoker Investment Counsel, Inc. is a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Shoker Investment Counsel, Inc. pays Schwab the participation fee for so long as the referred client's account remains in custody at Schwab. The participation fee is billed to Shoker Investment Counsel, Inc. quarterly and may be increased or decreased or waived by Schwab from time to time. The participation fee is paid by Shoker Investment Counsel, Inc. and not by the client. Shoker Investment Counsel, Inc. has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Shoker Investment Counsel, Inc. charges clients with similar portfolios who were not referred through the Service.

Shoker Investment Counsel, Inc. will pay Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by Schwab or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab custody fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees Shoker Investment Counsel, Inc. generally would pay in a single year. Thus, Shoker Investment Counsel, Inc. could have an incentive to recommend that client accounts be held in custody at Schwab.

The participation and non-Schwab custody fee will be based on assets of Shoker Investment Counsel, Inc. client accounts who were referred by Schwab and those referred clients' family members living in the same household. Shoker Investment Counsel, Inc. has a possible conflict of interest by participating in the Schwab Advisor Network. These referrals from Schwab are a possible incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab. Because Schwab bills Shoker Investment Counsel, Inc. quarterly for a percentage of the client's assets, Shoker Investment Counsel, Inc. has a possible incentive to instruct Schwab to debit Shoker Investment Counsel, Inc. fees directly from the clients' accounts, instead of mailing them an invoice. In order to put the interests of the clients first, Shoker Investment Counsel, Inc. conducts routine "best execution" checks to ensure the clients are receiving reasonable trade executions and also conducts routine "alternative custodian" reviews to determine if there is a better custodian for the client's assets. In addition, Shoker Investment Counsel, Inc. gives all clients the choice between having their account debited by Schwab or paying their advisory services by check.

Shoker Investment Counsel, Inc. may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Shoker Investments. Shoker Investments will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Shoker Investments may receive compensation from Shoker Investments, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of

any such fees will be borne entirely by Shoker Investments and not by any affected client.

### **Compensation to Non-Advisory Personnel for Client Referrals**

Such an agreement is currently in place with SmartAsset, who receives a flat monthly fee paid to refer potential clients to Shoker Investments, regardless of whether or not the referral results in a new client. " Shoker Investments compensates SmartAsset as a lead generator for advisory referrals. SmartAsset complies with the SEC Promoter rules and regulations. IA will provide data to SmartAsset that may match certain clients with the services of IA. Compensation will be paid by Shoker Investments for referrals, and the fee for referrals will be properly disclosed to any potential clients of Shoker Investments in accordance with the Promoter Agreement entered into between the parties."

Currently, Shoker Investment Counsel, Inc. does not have any other referral for fee arrangement in place other than with Charles Schwab, Inc. and Smart Asset. Shoker Investment Counsel, Inc. does not compensate any other referring parties for referrals. Other referring parties may include current clients, estate planning attorneys, accountants, or personal friends.

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### Referrals Out

Shoker Investment Counsel, Inc. does not accept referral fees, shared commissions or any form of remuneration from other professionals when a prospect or client is referred to them.

## Item 15 Custody

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### Account Statements

Shoker Investment Counsel, Inc. is not the *qualified* custodian of client assets; therefore, neither the firm nor its employees may accept cash, checks, or securities certificates to forward to the custodian for deposit. Schwab or another custodian maintains actual custody of client assets. All new clients will be given a copy of Shoker Investment Counsel, Inc.'s *Wire, Checks, Cash and Certificates Policy* which outlines our procedures. This policy may be requested by any prospective client of Shoker Investment Counsel, Inc. Clients receive account statements directly from Charles Schwab at least quarterly, or for any month with account activity. They will be sent to the email or postal mailing address you provided to Schwab. Other broker-dealers may issue statements with a different frequency. Clients should carefully review those statements promptly when they receive them. We urge clients to compare Schwab's (or their specific custodian's) account statements to the quarterly portfolio reports you will receive from us. The custodian's statements are always to be deemed correct.

### Use of client standing letters of authorization.

Shoker Investments is a custodian because, in select cases and with client authorization, we retain the ability to transfer client money and positions between accounts with non-identical registration or ownership, permissioned by standing letters of authorization ("SLOA") signed by the client, and because we retain the ability to deduct fees from client accounts with client permission. Common examples include a parent who wants to gift their children money annually, a married couple transferring money from a joint account to an individual account like an IRA, or taking distributions from IRA's, which are always individually registered, into a regular brokerage account or bank account jointly registered with a spouse. We are not qualified custodians, and thus cannot receive cash, checks, or security certificates. Those items must be sent to the qualified custodian who holds the accounts, Charles Schwab and Co, Inc.

## Item 16 Investment Discretion

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### Discretionary Authority for Trading

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Shoker Investment Counsel, Inc. uses discretionary authority to manage securities accounts on behalf of clients. Shoker Investment Counsel, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

To enable Shoker Investment Counsel, Inc. to trade on behalf of the client, the client must give Shoker Investment Counsel, Inc. a special trading authorization—Limited Power of Attorney (provided by the custodian) that gives Shoker Investment Counsel, Inc. the ability to trade in the client's account. This is not a general power of attorney, and it only applies to a specific account at the custodian. None of the client's other assets are affected.

Clients may place reasonable trading restrictions on Shoker Investment Counsel, Inc.'s discretionary trading authority. Examples include limitations on stocks restricted by the client's employers, companies the client does not feel comfortable owning, or directing Shoker Investment Counsel, Inc. to buy or keep specific stocks or bonds.

## Item 17 Voting Client Securities

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### Proxy Votes

Shoker Investment Counsel, Inc. does not vote proxies on securities. Clients are expected to vote their own proxies.

## Item 18 Financial Information

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### Financial Condition

Shoker Investment Counsel, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Shoker Investment Counsel, Inc. does not serve as a custodian holding client funds or securities and does not require prepayment of fees of more than \$1,200 per client, or six months or more in advance.