

# Leeb Capital Management, Inc. Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Leeb Capital Management, Inc. (“LCM” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at 212-653-1504. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC does not imply that LCM, or any employees of LCM possess a particular level of skill or training.

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

## Material Changes

Since the last annual update to Part 2 of Form ADV made in February 2019, no material changes have been made to the brochure.

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## Advisory Business

Leeb Capital Management, Inc. ("LCM") was founded in 1984 and is owned by Dr. Stephen Leeb and his wife, Donna Alison Leeb. LCM provides investment supervisory services to various types of clients, including individuals, institutions, trusts, pensions, and profit sharing plans.

LCM offers investment supervisory services which involves LCM providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts can arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

LCM's investment supervisory services focus on the selection of domestic stocks but also may include foreign stocks, bonds, options, mutual funds, annuities and money markets. LCM currently offers the following investment strategies:

- Large-Cap Growth
- Income and Growth
- Peak Resources and Energy

Client accounts are managed on an individual basis based upon the specific investment objectives and constraints of the client. This means, for example, that when we provide investment supervisory services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives are considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Dr. Stephen Leeb serves as the Editor of The Complete Investor ("TCI") and several other financial advisory newsletters that are published by Capitol Information Group ("Capitol"), a publishing company headquartered in Church Falls, Virginia. Dr. Leeb is compensated by Capitol

as an independent contractor. Likewise, Portfolio Manager Kuen Chan contributes to several of Capitol's newsletters and is compensated as an independent contractor.

These publications are generally published on a weekly or monthly basis. Dr. Leeb and Mr. Chan expects to spend approximately 10% of their time writing and editing the newsletters. This activity is separate and distinct from the investment supervisory services of LCM. Clients of LCM are not required to subscribe to the newsletters. LCM does not manage client portfolios based on the strategies or recommendations included in the newsletters.

LCM's clients may, however, acquire securities that are discussed in a publication. LCM, at all times, strives to act in the best interest of clients and to treat all clients in a fair and equitable manner.

As of December 31, 2019, LCM managed \$68,145,384 on a discretionary basis on behalf of 64 clients.

## **Fees and Compensation**

LCM believes that our annual fees are reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

LCM may negotiate advisory fees at its discretion based on the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. As a result, clients with similar assets can have differing fee schedules and pay different fees. In general, the annual fees for LCM's advisory services are as follows:

### 1. Retail Growth Accounts

Up to \$300,000.00:	1.75%
Over \$300,000.00:	1.50%
Over \$1,000,000.00:	1.00%

### 2. Institutional Growth Accounts

\$5,000,000 to \$10,000,000:	0.90%
\$10,000,001 to \$20,000,000:	0.85%
\$20,000,001 to \$25,000,000:	0.80%
\$25,000,001 to \$50,000,000:	0.75%
Over \$50,000,000:	Negotiable

### 3. Income and Growth Accounts

Accounts are charged 1.0%.

### 4. Peak Resources and Energy Accounts

Accounts are charged 2.0%.

LCM charges a different fee rate or schedule based upon asset classes (e.g., equities, fixed income) or investment product types (e.g., mutual funds, ETFs, stocks and bonds) invested in the client's account. This creates a conflict of interest in that there is an economic incentive for LCM and its investment adviser representatives to recommend certain asset classes or investment product types which have a higher fee rate or schedule compared to other asset classes or investment product types with a lower fee rate or schedule. LCM has taken steps to manage its conflict of interest arising from its use of different fee rates/schedules through its code of ethics, whereby LCM and its investment adviser representatives will not exercise investment discretion with respect to changing asset classes or investment product types and will only recommend the change of asset classes or investment products when in the best interest of the client and without regard to the financial interest of LCM.

Clients may choose to be invoiced for the advisory fees or have the advisory fees deducted from their advisory accounts. Annual fees are divided and prepaid on a quarterly basis for the ensuing three-month period. The quarterly fee for a given account is calculated based on the market value of that account on the final day of the preceding quarter. For example, fees for the April-to-June quarter for an account are calculated based on that account's ending market value on March 31. Fees are refundable on a pro-rata basis, in the event of termination of the advisory contract by the client.

If fees are deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to LCM.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you pay fees directly to our firm via a billing invoice, fees are due upon your receipt of the invoice sent directly to you. The billing notice will detail the formula used to calculate the fee and the time period covered.

Brokerage expenses and/or transaction ticket fees charged by your qualified custodians are billed directly to you by the qualified custodians. LCM does not receive any portion of such expenses or fees from you or the qualified custodians. LCM recommends open-ended, closed-end, exchange traded funds ("ETFs") and exchange traded notes ("ETNs") in managing clients' accounts. These funds and notes charge fees that are separate from and in addition to LCM's management fee including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account.

Management fees charged by LCM are separate and distinct from the fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. LCM does not receive any portion of such third-party expenses or fees.

LCM and our supervised persons do not accept or receive compensation based on the sale of securities or other investment products such as asset-based sales charges or service fees from the sale of mutual funds.

## **Performance Based Fees and Side-by-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. This section is not applicable to this Disclosure Brochure because LCM does not charge or accept performance-based fees.

## **Types of Clients**

LCM provides investment supervisory services to various types of clients, including individuals, institutions, trusts, pensions, and profit sharing plans.

There is an investment minimum of \$250,000 for new accounts in the Growth and Income & Growth strategies and \$100,000 in the Peak Resources and Energy strategy. However, at its discretion, LCM may waive this investment minimum.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

**Large Cap Growth Portfolio.** The Growth strategy combines a disciplined "top-down" analysis with a detailed fundamental, "bottom-up" security selection process.

LCM's top-down analysis aims to identify macroeconomic trends that represent growth opportunities in the global economy – this macro analysis helps to determine our internal growth rates for sectors, as well as for the companies within those sectors.

A variety of data sources is used to establish relative value expectations of growth sectors that are likely to benefit from these broad themes and outperform over the next 12 to 24 months. Growth sectors are defined as those with higher potential revenue and profit growth than that of the US economy.

LCM's top-down approach helps to focus the firm's bottom-up security selection process into the growth sectors and industries identified by the Investment Committee. Portfolio managers identify securities from the S&P 500 and other sources that are consistent with the firm's investment philosophy. The result of the analyses is a "watch-list" of approximately 150 companies. These stocks should possess:

- Market dominance
- A superior operating record and balance sheet
- Projected growth rate greater than the market

- Reasonable price: defined as having a forward PEG less than that of the market

The Investment Committee will perform in-depth research on these companies in order to determine the ones to be included in the Large Cap Growth model portfolio. LCM's fundamental research process incorporates the following inputs:

- "DCA" Analysis (Dominant & Competitive Analysis)
- Growth Factors
- Quality Analysis
- Valuation

LCM employs strict sell disciplines to protect its clients' portfolios. Positions will generally be reduced or sold if a stock:

- Becomes overpriced
- Can be replaced with better risk/reward opportunity
- Changes occur that affect a stock's fundamentals
- Position weight reaches 8%

**Income & Growth Portfolio.** The Income & Growth Portfolio core strategy is based on generating current income and long-term capital appreciation. We look to hold positions as long as possible in order to capture the maximum in distributions, as well as the capital appreciation that invariably comes from a rising stream of dividends.

This approach is bottom up. We look at companies' operations first, focusing on sustainable yields and businesses that are becoming more valuable over time. We pay careful attention to all the earnings numbers, with the intent of determining whether those businesses are still on track.

The key is to find healthy businesses that can thrive over the course of varying points in economic cycles. Companies should be able to weather tight credit conditions as well as high and rising raw material costs. These businesses should not only be able to maintain a steady payout, but also be positioned to increase the dividend over time.

We think quality always wins out eventually, and thus stocks and preferred shares backed by strong underlying businesses should recover from short-term price dips. Our holdings are also broadly diversified over a wide range of industries, which has proven to be a reliable strategy to grow principal and provide portfolio stability over the years.

The Income & Growth portfolio will consist primarily of common stocks, preferred stocks, master limited partnerships, and bonds with an objective to minimize the following risks:

- Inflation risk which diminishes purchasing power
- Credit risk by focusing the majority of holdings in investment grade securities
- Market risk by diversifying between various income sectors such as, REITs, utilities and preferred stocks.

**Peak Resources & Energy Portfolio.** The Peak Resources & Energy Portfolio (“PREP”) is based on LCM’s belief that the global economy is in the midst of an era of increasing global resource and energy scarcity and unprecedented inflationary pressures despite cyclicalities in the commodities markets driven by the emergence of developing nations, spearheaded by China.

In selecting equity securities for the PREP portfolio, LCM starts by reviewing U.S. and foreign companies engaged in the natural resources industry, including those listed on the S&P Global Energy indices or the S&P Alternative Energy indices, the Philadelphia Gold & Silver Index, energy and natural resources sector ETFs and ETNs, ETFs and ETNs linked to commodities such as gold, silver, oil or agricultural products, or a commodity index; and companies engaged in alternative energy or conservation-related activities. This universe of over 1,000 companies is then screened for market capitalization greater than \$250 million, a projected Price/Earnings to Growth (“PEG”) ratio less than that of the S&P 500 Index, and a high free cash-flow yield. However, at its discretion, LCM will select companies that do not meet the screening requirement. For example, LCM may invest in junior miners that own large precious metals assets that it judges to have above-market growth potential. Due to the nature of small companies, they may not meet some or all of the requirements set forth in this paragraph.

The PEG is an indicator of a stock’s potential value. A lower PEG means that the stock is more undervalued. The resulting watch list of approximately 75 to 100 companies is further reduced by the Adviser, using a rigorous fundamental research process described below, to select approximately 30-40 equity securities for the portfolio. However, the Portfolio Managers have discretion to select stocks that we believe offer extraordinary potential upside even if they do not meet one or more of the cited criteria. The Adviser’s analysis focuses on the following factors:

- Dominant & Competitive Analysis
- Growth Factors
- Company & Quality Analysis

Once investments are identified, the portfolio is constructed under general weighting guidelines. These include but are not limited to:

- A split between energy & materials (including precious metals)
- Typical diversification among 30-40 positions
- An 8% maximum weighting for any single company (see below for details)
- Including investments in other sectors that could be beneficiaries of resource scarcity (defense, cyber-security, etc.)

LCM may invest in ETFs or ETNs linked to commodities such as gold, silver, oil or agricultural products, or a commodity index. A typical commodity-related ETF or ETN may seek to achieve economic exposure to commodity prices through direct investment in a commodity, such as gold bullion; or by investing in the securities of issuers who are primarily engaged in production of specific commodities. The Adviser’s research suggests that commodity-related investments offer the potential for inflation protection, capital appreciation and returns that are not highly correlated to those of the equity markets. In a typical commodity-related ETF or ETN, the net asset value of the ETF is linked to the value of an individual commodity, or the performance of commodity



indices. Commodity ETFs and ETNs may use derivatives which expose them to further risks, including counterparty risk (i.e., the risk that the institution on the other side of the trade will default).

LCM may sell a portfolio security to the extent that the Portfolio Managers have determined that it has become over-priced or the price depreciates, or it could be replaced with a security that offers a better risk/reward opportunity, or if changes occur that affect a company's fundamentals and its future growth prospects appear weak.

From time to time, the Portfolio Managers may take temporary defensive positions that are inconsistent with the portfolio's principal investment strategies, in attempting to respond to adverse market, economic, political or other conditions. For example, portfolios may hold cash, money market mutual funds, investment grade short-term money market instruments, U.S. Government and agency securities (including zero coupon bonds), commercial paper, certificates of deposit, repurchase agreements and other cash equivalents.

In addition to its three active investment strategies, LCM manages a limited number of advisory client accounts that are invested mainly in mutual funds. LCM designs this mutual fund strategy based on its screening process utilizing Morningstar data when selecting funds; portfolio composition is based on target sector weights according to LCM's philosophy and client objectives. The mutual fund portfolios may be constructed with no-load funds, front-end load funds, back-end load funds, or contingent-deferred load funds. Such load fees, if any, are paid from the clients' accounts and are paid in addition to LCM's advisory fees. In addition, managers of mutual funds charge management fees that are exclusive of those charged by LCM to its clients.

**Investment Risks.** Investments in LCM's investment strategies may entail a significant degree of risk and therefore should be undertaken only by individuals capable of evaluating the risks of the applicable investment strategy and bearing the risks it represents. Set forth below is a non-exhaustive list of such risks. However, prospective clients are advised as necessary, to request from an eligible LCM representative, a more comprehensive discussion of these risks prior to investing with LCM:

**Commodities-Related Securities.** LCM's Investment Strategies may invest indirectly in commodities through instruments that invest in or are a derivative of commodities, such as commodity-related ETFs and ETNs. In a typical commodity-related ETF, the net asset value of the ETF is linked to the value of an individual commodity, or the performance of commodity indices. Therefore, these securities are "commodity-linked" or "commodity-related." To the extent that LCM's strategies invest in commodities-related investments, it will be subject to additional risks. For example, the value of ETFs that invest in commodities, such as gold, silver, oil or agricultural products, are highly dependent on the prices of the related commodity. The demand and supply of these commodities may fluctuate widely based on such factors as interest rates, investors' expectation with respect to the rate of inflation, currency exchange rates, the production and cost levels of the producing countries and/or forward selling by such producers, global or regional political, economic or financial events, purchases and sales by central banks, and trading activities by hedge funds and other commodity funds. Commodity-related ETFs may

use derivative instruments, such as futures, options, swaps and structured notes, which exposes them to further risks, including counterparty risk (i.e., the risk that the institution on the other side of the trade will default).

**Foreign Securities Risk.** Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may also be less liquid than U.S. securities, which could affect the investments LCM's makes on your behalf.

**Small and Medium Cap Company Risk.** Stocks of small and mid-cap companies are more risky than stocks of larger companies. Many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. As a result, small and mid-cap stocks may be significantly more volatile than larger-cap stocks. Small and mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition. The prospects for a company or its industry may deteriorate because of a variety of factors, including disappointing operating results or changes in the competitive environment. It may be difficult to sell a small or mid-cap stock, and this lack of market liquidity can adversely affect LCM's ability to realize the market price of a stock, especially during periods of rapid market decline.

**Sector Risk.** From time to time, LCM's strategies may invest a significant amount of its total assets in certain sectors, which may be subject to specific risks. These risks include governmental regulation of the sector and governmental monetary and fiscal policies that impact interest rates and currencies and affect corporate funding and international trade. Certain sectors may be more vulnerable than others to these factors. In addition, market sentiment and expectations toward a particular sector could affect a company's market valuation and access to equity funding.

**Other risks.** While the following list is not meant to be exhaustive, LCM has identified the following additional risks that Clients should consider when investing with LCM.

- Portfolio Turnover
- Market Risk
- Style Risk
- Value Risk
- Company Risk
- Dependence on LCM's key personnel

**Risk of Loss.** Investments in LCM's investment strategies may be highly speculative. LCM may not be successful in meeting their performance objectives. Clients should not invest with LCM unless they can bear the risk of a substantial loss of their assets. There is no assurance that LCM will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategies. The past investment performance of LCM cannot be taken to guarantee future results.

## **Disciplinary Information**

LCM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

LCM is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

Dr. Stephen Leeb is the Editor of The Complete Investor (TCI) newsletter and several financial newsletters published by Capitol Information Group. Dr. Leeb and Portfolio Manager Kuen Chan contribute content to the newsletters on a regular weekly or monthly basis. The following policies and procedures have been adopted by LCM with respect to the potential conflict that may arise between managing client assets and contributing to a financial advisory newsletter:

1. LCM may trade for its clients in securities that are included in the newsletters. However, despite such policy, LCM is aware of the conflicts of interest that may arise when trading securities for advisory clients that are recommended in the newsletters. LCM will, at all times, strive to act in the best interest of its advisory clients.
2. Dr. Leeb and Mr. Chan will only cover securities in the publications that they believe fit within the objectives of certain model portfolios that are developed solely for publications. The securities recommended in the newsletters will not be based solely on investments LCM has made on behalf of its advisory clients.
3. Disclosures provided in the publications will clearly state that LCM, or more specifically, associated entities and/or clients of associated entities may have a position in, and from time-to-time make purchases or sales in securities that are included in the newsletters.
4. Noting that the investment parameters of newsletter subscribers may differ from those of LCM's clients, it is possible that LCM may act on behalf of LCM's clients in a manner contrary to the recommendations provided in the newsletter subscribers.

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

The LCM Code of Ethics (the “Code”) is designed to ensure that LCM upholds its fiduciary duty to clients and that no LCM employee will improperly trade ahead of client accounts or take an investment opportunity which could otherwise go to a client. The Code requires that all employee trades, unless specifically exempted by the Code, be approved prior to execution by LCM’s Chief Compliance Officer or his designee. The Chief Compliance Officer or his designee may reject any proposed trade that (i) involves a security which is being purchased or sold by LCM on behalf of any of its clients or is being considered for purchase or sale; (ii) involves a security of limited availability which may be suitable for a client account, (iii) is a prohibited trade (as discussed below); (iv) is otherwise inconsistent with applicable law; or (v) creates an appearance of impropriety. The Chief Compliance Officer or his designee may consider whether the trade creates an appearance of impropriety if such trade involves: (i) an initial public offering; (ii) a private placement; (iii) short-term trading; or (iv) other factors the Chief Compliance Officer deems relevant.

Prohibited trades are designed to prevent employees from improperly trading ahead of client accounts. An employee is subject to restrictions when purchasing (or selling) a security if that security or a related security is being recommended for purchase (or sale) in a newsletter published by an affiliated company of LCM. No employee shall cause or attempt to cause any client to purchase, sell or hold any security in a manner intended to create any personal benefit to the employee.

Certain trades are not subject to specific reporting provisions of the Code. These transactions are (i) purchases or sales effected in any account over which the employee has no direct or indirect influence or control; (ii) purchases that are part of an automatic dividend reinvestment plan; and (iii) purchases and sales of certain securities (shares of any open-end mutual fund not advised or underwritten by LCM, United States Government securities, bankers’ acceptances, repurchase agreements, bank certificates of deposit, and commercial paper).

LCM has adopted a Statement of Policy on Material Non-Public Information (“Statement”) which addresses the Insider Trading and Securities Fraud Enforcement Act of 1988, a law that provides significant sanctions for all abuses of material, non-public information. The Statement applies to all employees of LCM and any natural person who obtains information concerning recommendations made to any of LCM’s clients’ accounts with regard to the purchase or sale of a security. The Statement forbids any LCM employee, while in possession of material, non-public information, from trading securities or recommending transactions, either personally or on behalf of others (including any LCM client account), or from communicating material, non-public information to others in violation of applicable securities laws.

The Code is available to clients upon request by contacting LCM at the address or telephone number listed on the first page of this document.

## Brokerage Practices

### a. Directed Brokerage Arrangements

There is one form of directed brokerage utilized by LCM clients, as set forth below.

#### Client selects a broker-dealer for execution of transactions

Certain clients direct LCM to utilize a specified broker-dealer for all securities transactions in that client's account. LCM generally does not negotiate commission rates with broker-dealers when a client directs LCM to execute securities transactions. Clients should be aware that the broker-dealer to which they direct their brokerage transactions may charge commissions that are higher than those available to other clients of LCM. Therefore, a client may pay higher commission rates, and may not receive the best executions, depending upon his or her arrangement with the broker-dealer.

### b. Brokerage/Custodial Relationships Maintained by LCM

LCM has entered into arrangements with TD Ameritrade ("TD") and Schwab, which provide institutional custody and brokerage services to independent money managers like LCM. Under the arrangements, TD and Schwab provide LCM's clients with custodial, brokerage and reporting capabilities. Accordingly, LCM recommends the aforementioned custodians/brokers to clients that are seeking such services. However, in each case, the client is empowered to determine the custodian/broker of their choice. Advisory accounts are generally solely traded through the brokers that custody each account (provided that the custodians are also broker-dealers), including fixed-income securities. When trading fixed-income securities solely through the custodian of an advisory account, the custodian may not have the security in its inventory, and therefore may be required to purchase the security in the market (or find a buyer for the security in the market) which would generally increase the costs associated with the transaction.

### c. Schwab Brokerage/Custodial Relationship

As noted, LCM recommends, as one of their custodian choices, that clients establish brokerage accounts with the Schwab, a registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. LCM is independently owned and operated and not affiliated with Schwab. Schwab provides LCM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional, *and are not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading)*. Schwab services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For LCM's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to LCM other products and services that benefit LCM but may not benefit its clients' accounts. Some of these other products and services assist LCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of LCM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of LCM's accounts, including accounts not maintained at Schwab. Schwab also makes available to LCM other services intended to help LCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to LCM.

While as a fiduciary, LCM endeavors to act in its clients' best interests, LCM's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to LCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

d. Order Aggregation

Transactions made in managed accounts are generally affected independently, unless we decide to purchase or sell the same securities for multiple clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and may be used when we believe such action may prove advantageous to clients. LCM, however, shall not aggregate transactions unless it believes such aggregation will result in the best overall execution for all participating clients and is consistent with the terms of the applicable investment advisory agreement. Furthermore, no client account will be favored by LCM over any other account. LCM may place aggregate orders with multiple broker-dealers during a given trading day. Clients will receive the average price obtained by their respective broker-dealer through which their transaction was placed and pay their pre-negotiated commission rate (or minimum ticket charge). Multiple aggregate orders may be placed through a broker-dealer on any given day; in such cases clients will generally receive the average price of each aggregate order.

LCM's books and records will separately reflect, for each account of a client whose orders are aggregated, the securities held by, and bought and sold for, each account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively for the clients any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the bank or broker-dealer having custody of the client's account as soon as practicable following settlement. LCM will receive no additional compensation or remuneration of any kind as a result of the aggregation procedure.

e. Partial Fills

LCM will compose, before entering an aggregated order, a written statement (the “Allocation Statement”). If the aggregated order is filled in its entirety, it shall be allocated among the accounts in accordance with the Allocation Statement. If the order is partially filled, it shall not be allocated pro rata based on the Allocation Statement. Instead, LCM will first distribute stocks to clients with less than 500 shares to prevent odd lots and increased confirmation and commission fees. The remainder of clients will have their orders filled when the rest of the trade is executed. The order may be allocated on a basis different from that specified in the Allocation Statement if all accounts of clients whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing and is approved in writing by the LCM’s Chief Compliance Officer no later than one (1) hour after the opening of the markets on the trading day following the day on which the order is executed. If an aggregated order is partially filled and allocated on a basis different from that specified in the Allocation Statement, no account that is benefited by such different allocation may affect any purchase or sale, for a reasonable period following the execution of the aggregated order, that would result in it receiving or selling more shares than the amount of shares it would have received or sold had the aggregated order been completely filled.

f. Trade Errors

LCM’s trade error correction policy specifies that advisory clients are not responsible for the payment of trade errors committed by LCM in relation with its management of client accounts. Certain client custodians, such as Schwab, have developed policies whereby the custodian/broker pays for client trade errors below \$100, and keeps any gains that result from trade errors in LCM client accounts. In such instances, neither LCM nor LCM’s advisory clients will be entitled to gains that result from trade errors, instead the gains would be kept by the client’s custodian/broker.

g. Trading Costs

Clients should be aware that trading costs will vary depending on their brokerage/custodial arrangements. LCM periodically reviews its brokerage arrangements to ensure that clients are receiving benefits that are commensurate with the trading and custodial costs. Finally, clients should be aware that over-the-counter transactions may result in the payment of commissions in addition to mark-ups/mark-downs.

h. Timing of Transactions Relative to Newsletter Publications

As noted, certain employees of LCM write content for Capitol Information Group, which publishes various financial newsletters that may discuss/recommend companies that also may be appropriate for investment by LCM’s clients. When trading securities of companies that are discussed/recommended in the newsletters to which LCM employees contribute content, in keeping with its fiduciary duty owed to advisory clients, LCM will generally transact in the securities prior to the release of the newsletters.

## **Review of Accounts**

Client accounts are typically monitored on a daily basis by LCM’s portfolio managers and are regularly reviewed by Dr. Leeb using a variety of techniques. In addition, on a periodic basis,

client securities are reviewed fundamentally and technically and upon the occurrence of any significant developments with respect to the issuer or its industry.

In addition to the monthly statement provided to each client by the broker that holds the client's funds and securities, LCM typically provides clients with information regarding their accounts through written reports. The frequency of the reporting is normally quarterly but varies depending upon the client's wishes. The information provided to clients by LCM may include portfolio appraisals, account performance information and other information that may be requested by a client from time to time.

## **Client Referrals and Other Compensation**

### **a. Additional Compensation**

As noted in the Brokerage Practices section above, LCM participates in and recommends to clients the brokerage/custodial service programs of Schwab and TD. While there is no direct linkage between the investment advice given and participation in the programs, economic benefits are received which would not be received if LCM did not participate in the programs. These benefits may include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving program participants exclusively; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; receipt of various publications; proprietary research; and participation in broker/custodian-sponsored conferences. LCM understands that the benefits received through its participation in the programs generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the service program sponsors.

### **b. Solicitors**

LCM does not directly or indirectly compensate any person for client referrals.

## **Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over clients funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

LCM is deemed to have custody of client funds and securities whenever LCM is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody we will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which we are deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at qualified custodian in a separate account for each client under the client's name. You, or an independent representative of yours, will direct, in



writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from LCM. When you have questions about your account statements, you should contact us, or the qualified custodian preparing the statement.

## **Investment Discretion**

LCM generally manages client accounts on a fully discretionary basis, which is granted to LCM through the execution of a limited power of attorney included in LCM's advisory agreement. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

Provisions for discretionary trading will be memorialized, in writing, in our Asset Management Services-client agreement.

Notwithstanding, LCM may manage a limited number of client accounts on a non-discretionary basis. If you decide to grant trading authorization on a non-discretionary basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

As always, client assets are managed on an individual basis based upon the specific investment objectives and constraints of the client. You will have the ability to place reasonable restrictions on the types of investments that can be purchased in your Account. You can also place reasonable limitations on the discretionary power granted to LCM so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## **Voting Client Securities**

LCM does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

## **Financial Information**

This Item 18 is not applicable to this brochure. LCM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, LCM has not been the subject of a bankruptcy petition at any time.

# Leeb Capital Management, Inc. Part 2B of Form ADV The Brochure Supplement

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[www.leeb.net](http://www.leeb.net)

Updated: January 2020

This brochure supplement provides information about Stephen Leeb and Kuen (Scott) Chan. It supplements LCM's accompanying Form ADV brochure. Please contact Stephen Leeb, LCM's Chief Executive Officer and Chief Compliance Officer at 212-653-1504 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Each individual that determines or gives investment advice to clients on behalf of LCM possesses a college education, professional designations (e.g., Chartered Financial Analyst, etc.) and/or significant investment experience.

## Stephen Leeb's Biographical Information

### *Educational Background and Business Experience*

**Stephen Leeb**, Ph.D., born in 1946, has been Chief Executive Officer of LCM and responsible for determining the investment advice given to LCM's clients since 1984. Dr. Leeb is also LCM's Chief Compliance Officer, a position he acquired in 2011. In addition, Dr. Leeb is currently the Editor of TCI and several other publications published by Capitol Information Group including Real World Investing. Dr. Leeb formerly was the editor of the following advisory newsletters: The Big Picture (formerly, Indicator Digest), Personal Finance; and Special Alert Bulletin. Dr. Leeb is currently a majority owner of TCI Enterprises LLC, which is an affiliated company. TCI is a company that used to publish Dr. Leeb's newsletters. It no longer has any active business operations.

Since July 2007, Dr. Leeb is a member of the Advisory Board of Electrum USA Ltd. ("Electrum"), since 2006 he is Head of the Advisory Board Member of Leor Exploration & Production LLC and from 2009 an Advisory Board Member of Los Gatos Ltd. (an affiliate of Electrum). After earning a Bachelor's degree in Economics from the Wharton School of Economics, the University of Pennsylvania, in 1968, Dr. Leeb earned, from the University of Illinois, a Master's degree in Mathematics and a Ph.D. in Psychology.

Finally, Dr. Leeb has authored the following books: 1. 'Getting In On The Ground Floor' (G.P. Putnam's 1986); 2. 'Marketing Timing for the 90's: Five Key Signals for When to Buy, Hold or Sell' (Harper Collins 1993); 3. 'The Agile Investor' (Harper Business 1997); 4. 'Defying the Market: Profiting in the Turbulent Post-Technology Market Boom' (McGraw-Hill 1999); 5. 'The Oil Factor: Protect Yourself and Profit From the Coming Energy Crisis' (Warner Business Books 2004); 6. 'The Coming Economic Collapse' (Warner Business Books 2006); 7. 'Game Over: How You Can Prosper in a Shattered Economy' (Business Plus 2009); and 8, 'Red Alert: How China's Growing Prosperity Threatens the American Way of Life' (Business Plus 2011).

### Disciplinary Information

Dr. Leeb has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Dr. Leeb or of LCM.

### Other Business Activities

Dr. Leeb's other business activities are listed above, and Dr. Leeb receives compensation as a result of those activities.

### Additional Compensation

Dr. Leeb does not receive economic benefits from any person or entity other than LCM in connection with the provision of investment advisory services to clients, other than for the business activities listed above (i.e., participation on boards of directors and authoring books and newsletters).

### Supervision

Dr. Leeb is the Chief Executive Officer and Chief Compliance Officer of LCM. Dr. Leeb is responsible for overseeing all business activities of LCM, including the activities of its employees. Dr. Leeb is assisted by members of LCM's Investment Committee. However, Dr. Leeb, along with Mr. Chan is responsible for all final portfolio management decisions in LCM client accounts. Dr. Leeb can be reached by calling the telephone number on the cover of this brochure supplement.

## **Kuen Chan's Biographical Information**

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

**Mr. Kuen (Scott) Chan** was born in 1978. He immigrated to the U.S. at age 10 and earned admission to Stuyvesant High School, a specialized New York City high school by passing a citywide exam. He has a Bachelor's degree in Psychology and East Asian Studies and a Minor in Economics from New York University. Later, he obtained a Master of Business Administrations degree in Finance and Computer Information Systems from Zicklin School of Business in 2008.

Mr. Chan has been working with Dr. Leeb and participated in Investment Committee meetings as an observer and contributor since 2008. He performs economic and stock research analysis and contributes investment ideas for LCM's investment strategies. He also served as the editor or contributing editor on many of Dr. Leeb's former publications, including Brain Trust Profits, Leeb's Aggressive Trader, Leeb's Real World Investing, and others. He currently serves as a portfolio editor for TCI and several other publications published by Capitol.

In November 2016, Mr. Chan took over the role of Assistant Portfolio Manager and took on additional responsibilities including overseeing the daily management, executing trades in the Account, and corresponding with clients to discuss portfolio management matters.

As of February 1, 2019, Mr. Chan is the portfolio manager and has joined the LCM Investment Committee as a member of the Committee.

### **Disciplinary Information**

Mr. Chan has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Chan or of LCM.

### **Other Business Activities**

Mr. Chan's other business activities are listed above, and he receives compensation as a result of those activities.

### **Additional Compensation**

Mr. Chan does not receive economic benefits from any person or entity other than LCM in connection with the provision of investment advisory services to clients.

### **Supervision**

Mr. Chan is the Portfolio Manager and reports directly to Dr. Leeb. As of February 1, 2019, he has joined the LCM Investment Committee and is, along with Dr. Leeb, responsible for all final portfolio management decisions in LCM client accounts. Mr. Chan can be reached by calling the telephone number on the cover of this brochure supplement.