

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of ZAGMOUT & COMPANY CPAS LTD. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 312-239-3716. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about ZAGMOUT & COMPANY CPAS LTD. (CRD #297789) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**AUGUST 13,  
2018**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Initial Filing.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

ZAGMOUT & COMPANY CPAS LTD. ("Zagmout & Company") was founded in 2015 and became registered to offer investment advisory services in 2018. Andre B. Zagmout is 100% owner.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

Zagmout & Company offers discretionary asset management services to advisory Clients. Zagmout & Company will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The Client will authorize Zagmout & Company discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### FINANCIAL PLANNING

If financial planning services are applicable, a thorough review of all applicable topics including but not limited to, Wills, Estate Plans and Trusts, Investments, Taxes, Qualified Plans, Retirement Income, Social Security, and College Planning will be reviewed. If a conflict of interest exists between the interests of Zagmout & Company and the interests of the Client, the Client is under no obligation to act upon Zagmout & Company's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through Zagmout & Company. Financial plans will be completed and delivered inside of thirty (30) days contingent upon timely delivery of all required documentation.

#### SEMINARS AND WORKSHOPS

Zagmout & Company holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

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### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written Client consent.

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### **Wrap Fee Programs**

Zagmout & Company does not sponsor any wrap fee programs.

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### **Client Assets under Management**

As this is the initial filing of this brochure, Zagmout & Company has no Client assets under management.

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

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### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

Zagmout & Company offers discretionary direct asset management services to advisory Clients. Zagmout & Company charges an annual investment advisory fee based on the total assets under management as follows:

Assets Under Management	Annual Fee	Quarterly Fee
\$0 - \$1,000,000	1.00%	.25%
The next \$1,000,000	0.80%	.20%
The next \$1,000,000	0.70%	.175%
The next \$1,000,000	0.60%	.15%
Amounts over \$4,000,000	0.50%	.125%

This is a blended fee schedule, the asset management fee is calculated by applying different rates to different portions of the portfolio. Zagmout & Company may group certain related Client accounts for the purposes of determining the annualized fee.

For example, a Client with \$1,500,000 under management would pay \$14,000 on an annual basis.

First \$1,000,000 x .01= \$10,000

Next \$500,000 x .008 = \$4,000

The annual fee may be negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed quarterly in arrears based on the amount of assets managed as of the close of business on the last business day of the previous quarter. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. Clients may terminate advisory services with thirty (30) days written notice. For accounts opened or closed mid-billing period, any unpaid earned fees will be due to Zagmout & Company. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

For fees that are directly deducted from the account by the custodian:

- Zagmout & Company will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- Zagmout & Company will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive quarterly statements directly from the custodian which disclose the fees deducted.

## FINANCIAL PLANNING

Zagmout & Company charges a fixed fee for financial planning. Services provided by Zagmout & Company may include, but are not limited to the following:

1. Financial position planning — A review of income and expenses will be conducted to clearly understand your current spending and saving. Based on your goals and needs we may recommend a proposed cash flow to achieve your objectives. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. Recommendations may also be made with respect to appropriate cash reserves for emergencies and other financial goals, and a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts. This Module requires between 2 – 10 Hours.
2. Retirement planning — Accumulation: Retirement planning typically includes projection of your likelihood of achieving your financial goals, the impact of pension and Social Security benefits, with financial independence as the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

Distribution: If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years. This Module requires between 2 – 4 Hours.

3. Investment planning — Our investment planning services may involve providing information on the types of investment vehicles available, employee retirement plans and/or equity compensation, investment analysis and strategies, asset selection and allocation, and portfolio design.

Where appropriate, we will prepare an Investment Policy Statement (IPS) or Investment Guidelines reflecting your investment objectives, time horizon, tolerance for risk, as well as any account constraints you may have for the portfolio. This Module requires between 2 – 4 Hours.

4. Income tax planning — Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. This Module requires between 2 – 4 Hours.



5. Risk management — A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to manage such risks and about weighing the costs of purchasing insurance, the benefits of doing so and, likewise, the potential cost of not purchasing insurance (often termed “self-insuring”). This Module requires between 2 – 4 Hours.
6. Education funding — College funding advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available. Education planning may also include cost projections for attendance at private schools prior to attending college. This Module require around 2 Hours.
7. Home/Rental Property Review — A review of your properties may include a mortgage analysis, refinance recommendations, home affordability review and rental property recommendations. This Module requires between 2 – 4 Hours.
8. Estate, legacy or multigenerational planning — Review and advice usually involves determining whether you have a will, powers of attorney, trusts and other related documents. We recommend that you consult with a qualified attorney when you initiate, update or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire someone for such purposes. This Module requires between 2 – 6 Hours.
9. Business financial planning — addressing your financial planning needs as a business owner, which may include an analysis of business cash flow, business valuation, business tax planning, business benefits planning and business transition. This Module requires between 2 – 10 Hours.

### **Broad-Based v. Modular Financial Planning**

A broad-based plan is an endeavor that requires detail, therefore, certain variables can affect the cost involved in the development of the plan: the quality of records, complexity and number of current investments, diversity of insurance products and employee benefits currently held, size of the potential estate, special needs of the Client or their dependents, among others. Broad-based plans may require 10 to 40 hours to complete.

Modular planning may concentrate on the details of one aspect of the financial situation, such as college funding, a portfolio allocation, or evaluating the sufficiency of the retirement plan. Note that when these services focus only on certain areas of interest or need, the overall situation or needs may not be fully addressed due to limitations established. Modular Financial Planning may require 2 to 10 hours to complete based on complexity.

## **Delivery of Plan**

Whether a broad-based or modular plan has been created, Zagmout & Company will present a detailed written plan that includes an extensive analysis of the current situation and recommendations and action steps for moving forward with the implementation. In all instances involving financial planning services, Clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation made.

Unless stated otherwise in the agreement, upon completion of our presentation or delivery of advice our initial financial planning engagement is concluded.

Prior to the planning process the Client will be provided an estimated plan fee. Services are completed and delivered inside of thirty (30) days contingent upon timely delivery of all required documentation. Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to Zagmout & Company. Zagmout & Company reserves the right to waive the fee should the Client implement the plan through Zagmout & Company.

## **HOURLY FEES**

Financial Planning Services are offered based on An hourly fee of \$250 per hour. There is a minimum of 2 hours. The fees will be billed in 15-minute increments, and a partial increment will be treated as a whole increment.

Fees for financial plans are due upon delivery of the completed plan.

## **SEMINARS AND WORKSHOPS**

Zagmout & Company holds seminars and workshops to educate the public on different types of investments and the different services they offer. The seminars are educational in nature and no specific investment or tax advice is given.

Zagmout & Company does not charge a fee for attendance to these seminars.

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## **Client Payment of Fees**

Investment management fees are billed quarterly in arrears, meaning that we invoice you after the billing period. Fees are usually deducted from a designated Client account to facilitate billing. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans are due upon delivery of the completed plan.

Zagmout & Company, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

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## **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transaction fees, postage and handling and miscellaneous fees.

For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

Zagmout & Company does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

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**External Compensation for the Sale of Securities to Clients**

Zagmout & Company does not receive any external compensation for the sale of securities to Clients, nor do any of the investment advisor representatives of Zagmout & Company.

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**Item 6: Performance-Based Fees and Side-by-Side Management****Sharing of Capital Gains**

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

Zagmout & Company does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for Zagmout & Company to recommend an investment that may carry a higher degree of risk to the Client.

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**Item 7: Types of Clients****Description**

Zagmout & Company generally provides investment advice to individuals, high net worth individuals, charitable organizations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

Zagmout & Company does not require a minimum to open an account.

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

Security analysis methods may include fundamental analysis. Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

In developing a financial plan for a Client, Zagmout & Company's analysis may include cash flow analysis, investment planning, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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## Investment Strategy

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 by providing written notice to Zagmout & Company. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy. Other strategies may include long-term purchases.

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## Security Specific Material Risks

All investment programs 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 and should discuss these risks with Zagmout & Company:

- *Market Risk:* The prices of securities held by mutual funds in which Clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- *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.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than 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.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the Client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product

lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a Client invests in open end mutual funds or ETFs, the Client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which Client invests.
- *REIT Risk:* To the extent that a Client invests in REITs, it is subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- *Foreign Securities Risk:* Funds in which Clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could

adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- *Long-term purchases:* Long-term investments are those vehicles purchased with the intension of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.
- *Equity Linked CD Risk:* Penalties may apply to early withdrawals. Fair market value of CD's when sold in the secondary market may be worth more or less than face value. May or may not be FDIC insured. Returns are not based solely on market returns, as there may be a maximum rate of interest the CD will earn. May be taxed on income earned, but interest isn't accrued (received) until the CD matures. Many CDs may have "call" features, allowing the bank to close the contract early with no penalty, paying back principle and any accrued interest.
- *Structured Notes Risk:* The risks involved with using structured notes are credit risk of the issuing investment bank, illiquidity, and there is a risk to the pricing accuracy as most structured notes do not trade after issuance.

The specific risks associated with financial planning include:

- Risk of Loss
  - Client fails to follow the recommendations of Zagmout & Company, which may result in a loss.
  - Client has changes in financial status or lifestyle and therefore plan recommendations are no longer valid.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Zagmout & Company and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

Zagmout & Company and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

Zagmout & Company and its management have not been involved in legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Zagmout & Company or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

Zagmout & Company is not registered as a broker-dealer and no affiliated representatives of Zagmout & Company are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither Zagmout & Company nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

President Andre B. Zagmout is a certified public accountant and offers tax services through Zagmout & Company. Approximately 50% of his time is spent on this activity. He will offer Clients services from this activity. As a CPA, he may receive separate yet typical compensation.

This practice represents a conflict of interest because it gives an incentive to recommend services to advisory clients. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the right to purchase these services through another CPA of their choosing.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Zagmout & Company does not select or recommend other investment advisors.

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

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### **Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of Zagmout & Company have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Zagmout & Company affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of Zagmout & Company. The Code reflects Zagmout & Company and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

Zagmout & Company's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of Zagmout & Company may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Zagmout & Company's Code is based on the guiding principle that the interests of the Client are our top priority. Zagmout & Company's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

Zagmout & Company will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Zagmout & Company and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Zagmout & Company and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide Zagmout & Company with copies of their brokerage statements.

The Chief Compliance Officer of Zagmout & Company is Andre B. Zagmout. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Zagmout & Company does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide Zagmout & Company with copies of their brokerage statements.

The Chief Compliance Officer of Zagmout & Company is Andre B. Zagmout. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.



## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Zagmout & Company may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the Client's choosing. Zagmout & Company will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Zagmout & Company relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Zagmout & Company.

- *Directed Brokerage*

In circumstances where a Client directs Zagmout & Company to use a certain broker-dealer, Zagmout & Company still has a fiduciary duty to its Clients. The following may apply with Directed Brokerage: Zagmout & Company's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among Clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by Zagmout & Company from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Zagmout & Company receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of Zagmout & Company. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when Zagmout & Company receives soft dollars. This conflict is mitigated by the fact that Zagmout & Company has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

Zagmout & Company utilizes the services of custodial broker dealers. Economic benefits are received by Zagmout & Company which would not be received if Zagmout & Company did not give investment advice to Clients. These benefits

include: A dedicated trading desk, a dedicated service group and an account services manager dedicated to Zagmout & Company's accounts, ability to conduct "block" Client trades, electronic download of trades, balances and positions, duplicate and batched Client statements, and the ability to have advisory fees directly deducted from Client accounts.

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### **Aggregating Securities Transactions for Client Accounts**

Zagmout & Company is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Zagmout & Company. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

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

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of Zagmout & Company. Account reviews are performed more frequently when market conditions dictate. Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, Zagmout & Company suggests updating at least annually.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by Zagmout & Company's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. Performance reports will be provided by Zagmout & Company at least quarterly to Clients with assets under management.

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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Zagmout & Company does not receive any economic benefits from external sources.

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### **Advisory Firm Payments for Client Referrals**

Zagmout & Company does not compensate for Client referrals.

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## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by Zagmout & Company.

Zagmout & Company is deemed to have constructive custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of Zagmout & Company.

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## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

Zagmout & Company requires discretionary authority to manage securities accounts on behalf of Clients. Zagmout & Company 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.

Zagmout & Company allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to Zagmout & Company in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. Zagmout & Company does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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## **Item 17: Voting Client Securities**

### **Proxy Votes**

Zagmout & Company does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Zagmout & Company will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

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## **Item 18: Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because Zagmout & Company does not serve as a custodian for Client funds or securities and Zagmout & Company does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

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### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Zagmout & Company has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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### **Bankruptcy Petitions during the Past Ten Years**

Zagmout & Company has not had any bankruptcy petitions in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

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### **Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

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### **Performance Based Fee Description**

Neither Zagmout & Company nor its management receive performance based fees. Please see Item 6 of the ADV 2A for more information.

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### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

None to report.

Item 1 Cover Page  
**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Andre B. Zigmout

**ZAGMOUT & COMPANY CPAS LTD.**

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This brochure supplement provides information about Andre B. Zigmout and supplements the ZAGMOUT & COMPANY CPAS LTD.'s brochure. You should have received a copy of that brochure. Please contact Andre B. Zigmout if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Andre B. Zigmout (CRD #5235612) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**AUGUST 13, 2018**

## **Brochure Supplement (Part 2B of Form ADV) Supervised Person Brochure**

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### **Principal Executive Officer – Andre B. Zigmout**

- Year of birth: 1982
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### **Item 2 - Educational Background and Business Experience**

#### Educational Background:

- DePaul University; Master of Science in Accounting; 2016
- Wesley College; Bachelor of Science In Economics & Accounting; 2007

#### Business Experience:

- ZAGMOUT & COMPANY CPAS LTD.; Investment Advisor Representative; 07/2018-Present
  - ZAGMOUT & COMPANY CPAS LTD; President/CPA; 09/2015-Present
  - Urban Financial Advisory; Tax Advisor; 01/2018 – Present
  - Anderson Tax; Senior Associate; 11/2016 – 01/2018
  - Deloitte Tax LLC; Senior Associate; 11/15 – 11/2016
  - Northern Trust; Analyst; 07/2013 – 11/2015
  - Cook County; Accountant; 06/2012 – 07/2013
  - US. Army; Specialist; 08/2009 – 06/2012
  - AYA Development; Accountant; 07/2008 – 08/2009
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### **Item 3 - Disciplinary Information**

*Criminal or Civil Action:* None to report.

*Administrative Proceeding:* None to report.

*Self-Regulatory Proceeding:* None to report.

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### **Item 4 - Other Business Activities Engaged In**

President Andre B. Zigmout is a certified public accountant and offers tax services through Zigmout & Company. Approximately 50% of his time is spent on this activity. He will offer Clients services from this activity. As a CPA, he may receive separate yet typical compensation.

This practice represents a conflict of interest because it gives an incentive to recommend services to advisory clients. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first and the Clients are not required to purchase any products. Clients have the right to purchase these services through another CPA of their choosing.

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### **Item 5 - Additional Compensation**

Andre B. Zigmout receives additional compensation in his capacity as a CPA, but does not receive any performance based fees.

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### **Item 6 - Supervision**

Since Andre Zigmout is the sole owner and investment adviser representative of Zigmout & Company. He is solely responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He will adhere to the policies and procedures as

described in the firm's Compliance Manual. He can be reached at [az@zagmentcpas.com](mailto:az@zagmentcpas.com) or 312-239-3716.

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**Item 7 - Requirements for State-Registered Advisors**

*Arbitration Claims:* None to report.

*Self-Regulatory Organization or Administrative Proceeding:* None to report.

*Bankruptcy Petition:* None to report.