

# *The Randolph Company*

## **Form ADV Part 2A**

### **Brochure**

March 22, 2017

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**This Brochure provides information about the qualifications and business practices of The Randolph Company. If you have any questions about the contents of this Brochure, please contact us at (513) 891-7144 or at [carter@therandolphcompany.com](mailto:carter@therandolphcompany.com). 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 The Randolph Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for The Randolph Company is 104868.**

**The Randolph Company is a registered investment advisor; however, being registered does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

The following material change has been made to this Brochure since the last update of March 22, 2016. A Brochure Supplement was added for Carter Louis Randolph (“Louie”). Louie started his career with The Randolph Company in November 2016 as the Client Relationship Manager and became a Registered Investment Advisor in January 2017.

The following non-material change has been made to this Brochure since the last update of March 22, 2016. Item 4 has been revised to reflect the firm's assets under management as of December 31, 2016. Other non-material changes have been made to this Brochure which are not specified in this summary. Consequently, we encourage you to read this Brochure in its entirety.

## Table of Contents

<u>Item #</u>	<u>Description</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	4
6	Performance-Based Fees and Side-by-Side Management	5
7	Types of Clients	5
8	Methods of Analysis, Investment Strategies, and Risk of Loss	5
9	Disciplinary Information	6
10	Other Financial Industry Activities and Affiliations	6
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
12	Brokerage Practices	6
13	Review of Accounts	7
14	Client Referrals and Other Compensation	7
15	Custody	7
16	Investment Discretion	8
17	Voting Client Securities	8
18	Financial Information	8
19	Requirements for State-Registered Advisers	8
Brochure Supplement	Brochure Supplement (Advisory Personnel)	9

#### **Item 4. Advisory Business**

The Randolph Company is an investment advisory firm organized in 1996 that specializes in providing portfolio management to high net worth individuals, non-profit organizations and trusts. Carter Randolph has been an investment consultant for over 30 years, possesses a Ph.D. in Finance and has been the principal owner of The Randolph Company since 1996. Neil Hantak has been an investment advisor, analyst, and portfolio manager for over 10 years and is a Chartered Financial Analyst (CFA). Carter Louis Randolph (“Louie”) is The Randolph Company’s Client Relationship Manager and has over five years of retail experience in building client relationships.

Our firm’s primary objective is to provide portfolio management focused on security analysis, diversification and performance. Our strategies take into consideration each client’s specific needs; such as, requiring a stream of income, desired level of risk, and tax implications. The firm’s investment approach is primarily based on purchases and sales of individual stocks pursuant to the firm’s research. Our clients grant us full discretion, allowing us to use our skill, expertise and experience to make investment choices designed to accomplish their financial goals. However, clients may impose restrictions on investing in certain types of securities. As of December 31, 2016, we managed on a discretionary basis \$520,716,774 of client assets.

#### **Item 5. Fees and Compensation**

Fees for portfolio management are based on the amount of assets managed by The Randolph Company on the last day of each calendar quarter (March, June, September and December). There are no prepaid fees. Our fees are calculated using the annual schedule below and are billed for the previous quarter (with a minimum annual fee of \$750.00 which may be waived at our discretion).

- .90% of the first \$1,000,000 (.23% quarterly)
- .80% of the next \$1,000,000 (.20% quarterly)
- .65% of ALL funds thereafter (.16% quarterly)

For example: The fee charged for the fourth quarter would be calculated on the market value of the portfolio at the close of business on December 31.

**December 31 Market Value = \$2,895,000**

\$1,000,000 @ .23% = \$2,300

\$1,000,000 @ .20% = \$2,000

\$ 895,000 @ .16% = \$1,432

**Total Quarterly Fee = \$5,732**

Any related accounts constitute a “household”. All household accounts aggregating more than \$3,000,000 are subject to negotiated fee schedules.

Clients will be invoiced for portfolio management performed in the previous quarter. Invoices will be sent to clients in April, July, October and January. Once the client has received their invoice, the fee will be automatically deducted from their investment account.

There will be additional brokerage expenses relating to stock trades. We use a broker-dealer that charges a flat \$6.95 per trade. In addition, there are small incidental fees (less than .002%) charged by the various exchange

markets to cover the costs of supervising and regulating the markets. If we invest client portfolios in exchange-traded funds (ETFs) or mutual funds, the fund may charge an internal expense that the client will pay each year as a percentage of the value of the investment. These fees are disclosed in the fund's prospectus. The Randolph Company does not receive a portion of these fees nor does it receive any other compensation for the purchase or sale of securities or other investment products.

#### **Item 6. Performance Based Fees and Side by Side Management**

The Randolph Company does not offer to manage investments with a fee based on capital gain or capital appreciation. We offer portfolio management with a fee based on the market value of assets a client holds on the last day of each calendar quarter.

#### **Item 7. Types of Clients**

The Randolph Company offers investment management to high net worth individuals, trusts and charitable endowments. The required minimum balance to open an account is \$1,000,000. This minimum may be waived.

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

There are two types of security analysis: fundamental and technical. We strive to obtain a better picture of what the future might bring for an investment by using both types of analysis. Fundamental analysis means that we look at the income statement, balance sheet and business model of a potential investment. Technical analysis comes in many forms; we use charts and proprietary indicators. We also review portfolios and monitor their total makeup from a diversification point of view. Despite our efforts, risk still exists and clients can lose money. We try to mitigate unsystematic risk by having a diversified portfolio. We try to mitigate systematic risk by keeping total leverage in a portfolio low and investing in high quality companies. No matter how we invest a client's portfolio, the simple fact is that investing is risky and loss of principal is possible.

We generally employ one strategy for investing: purchase securities in high quality companies with low levels of debt and some form of current return to security owners (dividends, interest or net share buy backs) at prices that represent good value. We diversify holdings across many industries and allocate to different industries and types of securities based on our view of the future, but we typically hold a diversified portfolio. Generally, brokerage commissions are not an issue, because each account pays less than \$10 per trade regardless of the number of shares traded. At the end of each year, we review the taxable portfolios for opportunities to minimize real capital gain for the year. Sometimes this is possible by selling securities to offset a known net gain or loss. Unless directed otherwise in writing by a client, investment decisions are based on investment criteria and not tax criteria.

We invest in equities, exchange-traded funds and bonds, which are generally liquid and traded on recognized exchanges. All bear the same set of risks; event risk specific to the company issuing the security and systemic risk – events that impact the entire economy. We attempt to mitigate risk through investment selection and diversification. In order to increase income and reduce risk of holdings, we may utilize covered call writing, which is selling call options on positions already held.

### **Item 9. Disciplinary Information**

The Randolph Company, Carter F. Randolph, Ph.D., Neil J. J. Hantak, Jr., CFA, Carter Louis Randolph and staff have not been involved in any disciplinary actions.

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

The Randolph Company has no material relationships or arrangements with any individuals or entities to report hereunder. The Randolph Company does not recommend or select other investment advisers for its clients.

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

Carter F. Randolph, Ph.D., Neil J. J. Hantak, Jr., CFA, Carter Louis Randolph and staff recognize their fiduciary duty to their clients as well as their duty to comply with federal and state securities laws as well as all other applicable laws. The Randolph Company, through its Code of Ethics, adheres to certain principles, obligations and prohibitions in connection with making the interest of the client our number one priority. Our Code of Ethics is available to any current or prospective client upon their request.

The Randolph Company manages portfolios for employees and their family members. To avoid conflicts, we typically use aggregate trades. We purchase or sell securities in a block account and then allocate to each participating client account once the trade is complete. The aggregation is designed to promote fairness among client accounts with regard to execution and price. Each participating client account will receive the average execution price. Partial fills of a purchase or a sale will be allocated first on a pro-rata basis to client accounts not associated with employees or their family members.

If an employee has an account(s) which is held and or managed outside of The Randolph Company, the employee must adhere to the provision in The Randolph Company's Code of Ethics that states *no employee may purchase or sell, directly or indirectly, a security for his/her own account within four days before or four days after the time that the same security (or related security) is being purchased or sold for any client.* In order to avoid any conflicts of interest that may arise between an employee and a client as a result of personal trading, employees must submit a quarterly report of all transactions in their "outside" personal accounts to the Chief Compliance Officer.

It is the policy of The Randolph Company not to disclose non-public client information.

### **Item 12. Brokerage Practices**

#### ***Selection of a Broker:***

The Randolph Company chooses the broker-dealer and custodian for its clients. We evaluate the broker-dealer based on its financial condition, commission rates, best execution capability, and responsiveness, among other factors. Among factors to consider in best execution are the ability to quickly fill purchase/sell orders at the best available price, the ability to access markets that provide the greatest potential to fill large and small orders and to charge commissions that are competitive with other broker dealers. The selected broker-dealer is also expected to consistently execute trades in an accurate and professional manner. In making the determination to use any

particular broker-dealer, The Randolph Company's objective is not necessarily to obtain the lowest possible cost, but to obtain the best qualitative execution under the circumstances. As a result, the commissions and transaction fees charged by the broker-dealer may be higher or lower than those charged by other broker dealers.

***Incentives:***

The Randolph Company does not receive incentives from the broker-dealer directly related to client transactions. The decision to conduct business with a selected broker-dealer is based on the broker-dealer's ability to provide excellent administrative service, the most favorable execution and among others the factors noted above. The Randolph Company may purchase portfolio management and securities analysis services from a vendor that has a relationship with our broker-dealer at a reduced price. These reduced prices are not related to any client transactions.

***Securities Transactions:***

The Randolph Company may aggregate multiple client orders for the purchase or sale of the same security into a single transaction. The allocations are typically calculated in advance to placing the order. If the trade is executed, each participating client account typically receives a price that represents the average of the aggregated transactions. Such aggregation may enable The Randolph Company to obtain for clients a more favorable price, achieve better execution, or a better commission rate based upon the volume of a transaction. If the order is only partially filled, the securities purchased or sales proceeds are allocated to participating client accounts on a pro-rata basis. See Item. 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, above for further explanation regarding allocation to employees and family member accounts.

**Item 13. Review of Accounts**

The Randolph Company periodically reviews client portfolios (no less frequently than monthly). Carter Randolph, President, is the investment advisor responsible for the reviews. Portfolios may be reviewed more frequently if there is unusual activity in individual securities, the economy or the stock market.

Monthly written reports are issued directly to clients by the custodian of their account; such reports show all transactions and market values. The Randolph Company may produce additional written reports with portfolio information at the client's request. Client meetings are usually held on an annual basis or at the client's request.

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

The Randolph Company does not receive cash or any economic benefit from a non-client in connection with giving advice to clients.

The Randolph Company does not directly or indirectly compensate any person for client referrals.

**Item 15. Custody**

The Randolph Company's qualified custodian, TD Ameritrade, maintains client assets in separate accounts for each client. Monthly statements are generated by TD Ameritrade and are either mailed directly to clients or the

client receives an email notice that statements are available to be viewed on the TD Ameritrade (www.advisorclient.com) website. It is the client's choice as to how they receive statements.

Clients should carefully review their monthly statements and report any errors or omissions to The Randolph Company at (513) 891-7144 and also to TD Ameritrade (866) 523-6251 #2.

#### **Item 16. Investment Discretion**

The Randolph Company accepts discretionary authority to manage security portfolios on behalf of clients. Before assuming this authority, the client is asked to execute The Randolph Company Investment Advisory Agreement wherein the client grants The Randolph Company full discretionary authority to manage their account. Under this authority, The Randolph Company will supervise and direct, in its sole discretion, the investments in each client account without further consultation with the client. This authority is subject to limitations and restrictions that the client may request in writing to The Randolph Company.

#### **Item 17. Voting Client Securities**

It is The Randolph Company's policy not to vote client securities. Clients will receive their proxies directly from their custodian via mail or email. If a client has questions regarding a proxy vote, they may contact The Randolph Company at (513) 891-7144.

#### **Item 18. Financial Information**

The Randolph Company does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

#### **Item 19. Requirements for State-Registered Advisers**

The Randolph Company is a federally registered investment adviser, so this Item does not apply.



# Carter F. Randolph, Ph.D.

## **The Randolph Company, Inc.**

4200 Malsbary Road  
Cincinnati, Ohio 45242  
(513) 891-7144  
March 22, 2016

*This Brochure Supplement provides information about Carter F. Randolph, Ph.D., that supplements The Randolph Company Brochure. You should have received a copy of that Brochure. Please contact Sherry Wright (513) 891-7144 or [sherry@therandolphcompany.com](mailto:sherry@therandolphcompany.com) if you did not receive The Randolph Company's Brochure or if you have any questions about the contents of this Brochure Supplement.*

*Additional information about Carter F. Randolph, Ph.D., is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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

Carter F. Randolph, Ph.D.

D.O.B.: 6/10/1956

BBA University of Cincinnati, 1978

MBA University of Cincinnati, 1979

Ph.D. University of Cincinnati, 1986

1986 to 1996, Investment Advisor, DBA Carter F. Randolph, Ph.D.

1989 to present, President, Greenacres Foundation, Inc.

1996 to present, Executive Director and Chief Compliance Officer, The Randolph Company, Inc.

1998 to present, Chairman, Planet Products Corporation

1992 to present, President, L&L Nippert Charitable Foundation, Inc.

2006 to present, Managing Member, CFRPHD, LLC

### **Item 3. Disciplinary Information**

Neither Carter F. Randolph, Ph.D., nor The Randolph Company has been involved in any disciplinary events.

### **Item 4. Other Business Activities**

In addition to being Portfolio Manager of The Randolph Company, Dr. Randolph provides administrative services to trusts and charitable foundations, and he owns a manufacturing company. He is Executive President of the Greenacres Foundation and the L&L Nippert Charitable Foundation. Carter also serves as a trustee of several trusts.

### **Item 5. Additional Compensation**

There is no other compensation or economic benefit from other sources.

### **Item 6. Supervision**

As the majority owner, President and Chief Compliance Officer of The Randolph Company, Carter F. Randolph, Ph.D., maintains ultimate responsibility for The Randolph Company's investment activities including investment decisions, operations and account reviews. Dr. Randolph oversees the activities of The Randolph Company's supervised persons in accordance with its Policies and Procedures Manual. Should any questions arise regarding any supervised person's supervision or compliance practices, Dr. Randolph or Sherry L. Wright, Compliance Officer who assists Dr. Randolph with the implementation of its Policies and Procedure Manual, should be contacted at (513) 891-7144.

# Neil J. J. Hantak, Jr., CFA

## **The Randolph Company, Inc.**

4200 Malsbary Road  
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March 22, 2016

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*Additional information about Neil J. J. Hantak, Jr., CFA, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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

Neil J. J. Hantak, Jr., CFA

D.O.B.: 12/19/1980

HBA, BSBA, BA, Xavier University, 2003

Chartered Financial Analyst (CFA), CFA Institute, 2009

2003 to 2004, Investment Advisor, New York Life

2004 to 2012, Portfolio Manager/Chief Financial Officer/Chief Compliance Officer, MRM Capital

2013 to present, Portfolio Manager, The Randolph Company, Inc.

The Chartered Financial Analyst (CFA) charter is a professional designation established in 1962 and awarded by CFA Institute. To earn the CFA charter, candidates must pass three sequential, six hour examinations over two to four years. The three levels of the CFA Program test a wide range of investment topics, including ethical and professional standards, fixed income analysis, alternative and derivative investments, and portfolio management and wealth planning. In addition, candidates must have at least four years of acceptable professional experience in the investment decision making process and must commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **Item 3. Disciplinary Information**

Neither Neil J. J. Hantak, Jr., CFA, nor The Randolph Company has been involved in any disciplinary events.

### **Item 4. Other Business Activities**

Neil J. J. Hantak, Jr., CFA, has no other business activities.

### **Item 5. Additional Compensation**

There is no other compensation or economic benefit from other sources.

### **Item 6. Supervision**

As the majority owner, President and Chief Compliance Officer of The Randolph Company, Carter F. Randolph, Ph.D., maintains ultimate responsibility for The Randolph Company's investment activities including investment decisions, operations and account reviews. Dr. Randolph oversees the activities of The Randolph Company's supervised persons, including Neil J. J. Hantak, Jr., CFA, in accordance with its Policies and Procedures Manual. Should any questions arise regarding any supervised person's supervision or compliance practices, Dr. Randolph or Sherry L. Wright, Compliance Officer who assists Dr. Randolph with the implementation of its Policies and Procedure Manual, should be contacted at (513) 891-7144.

## Carter Louis Randolph (“Louie”)

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### **The Randolph Company, Inc.**

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March 22, 2017

*This Brochure Supplement provides information about Carter Louis Randolph (“Louie”) that supplements The Randolph Company Brochure. You should have received a copy of that Brochure. Please contact Sherry Wright (513) 891-7144 or [sherry@therandolphcompany.com](mailto:sherry@therandolphcompany.com) if you did not receive The Randolph Company’s Brochure or if you have any questions about the contents of this Brochure Supplement.*

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

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

Carter Louis Randolph (“Louie”)

D.O.B: 07/27/1988

Bachelors of Arts in Communication; University of Cincinnati, 2011

May 2011 to September 2011, Life Insurance Representative & Recruiter, Primerica Financial Services

September 2011 to July 2014, Retail Sales Representative, Verizon Wireless Corporation

July 2014 to November 2016, Solutions Manager, Verizon Wireless Corporation

November 2016 to Present, Client Relationship Manager, The Randolph Company

### **Item 3. Disciplinary Information**

Neither Carter Louis Randolph nor The Randolph Company has been involved in any disciplinary events.

### **Item 4. Other Business Activities**

Carter Louis Randolph has no other business activities.

### **Item 5. Additional Compensation**

There is no other compensation or economic benefit from other sources.

### **Item 6. Supervision**

As the majority owner, President and Chief Compliance Officer of The Randolph Company, Carter F. Randolph, Ph.D., maintains ultimate responsibility for The Randolph Company’s investment activities including investment decisions, operations and account reviews. Dr. Randolph oversees the activities of The Randolph Company’s supervised persons, including Carter Louis Randolph, in accordance with its Policies and Procedures Manual. Should any questions arise regarding any supervised person’s supervision or compliance practices, Dr. Randolph or Sherry L. Wright, Compliance Officer who assists Dr. Randolph with the implementation of its Policies and Procedure Manual, should be contacted at (513) 891-7144.